FREIGHT TRAFFIC ISSUE

Senator Smathers—An Exclusive Interview

January 26, 1959

RAILWAY AGE *weekly*

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His plans put new pep in

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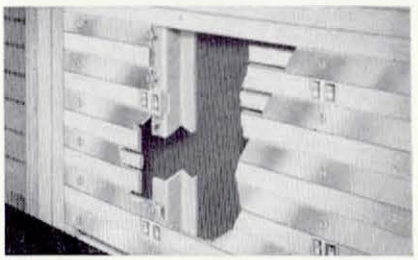

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CHICAGO, ILLINOIS · NEW YORK, NEW YORK · SAN FRANCISCO, CALIFORNIA

TO: Railroad People Everywhere

SUBJECT: The Future of America's Railroads

Certainly the transportation legislation enacted by Congress last year was a helpful step in the right direction.

But still further legislative action is needed if the railroads are to solve the problems that plague them.

Of the many vital objectives which should be considered, here are several which demand prompt attention:

1. **Removal of obstacles to transport diversification**
2. **Repeal of the excise tax on passenger travel**
3. **Repeal of agricultural commodities exemption or extension of the exemption to include railroads and other non-motor carriers**
4. **Realistic revision of tax depreciation policies**
5. **Imposition of adequate charges for the use of transportation facilities provided at public expense**

Legislative action in these and other areas is necessary if the railroads are to be given the equality of opportunity upon which their future health depends.

Financially sound, progressive, and strong railroads are essential to a dynamic American economy and to our national defense.

ASSOCIATION OF AMERICAN RAILROADS *Washington, D. C.*

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PEOPLE
SHIP T&P
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RAILWAY AGE *weekly* January 26, 1959 • Vol. 146, No. 4

Week at a Glance

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Senator Smathers says . . . . p. 9

In an exclusive interview with Railway Age, the chairman of the Senate Surface Transportation Subcommittee takes a look back (he thinks railroads have made "an excellent start" under the 1958 Transportation Act) and a look ahead (delay of the S. 303 study, he fears, may have hurt chances for new legislation this year). He doesn't think federal subsidy is the answer to rail commuter problems.

New transport study under way p.10

Department of Commerce inquiry is revealed in President Eisenhower's budget message to Congress.

Traffic men optimistic for '59 ..... p.13

Better business and increased shipments by rail are anticipated by three-fourths of the respondents to this month's Railway Age Traffic Poll.

How John H. Breck distributes nationwide p.15

Many of the firm's products are packed in glass bottles. The company has worked out a careful loading formula which places heavier packages at the bottom of each shipment, lighter items on top.

Forgash puts new pep in piggyback p.16

The president of U. S. Freight, one of the nation's major forwarders, helped set a new pattern in piggybacking last year. He foresees fast growth ahead, with big gains for both forwarders and railroads.

New Wabash freighthouse speeds freight p.24

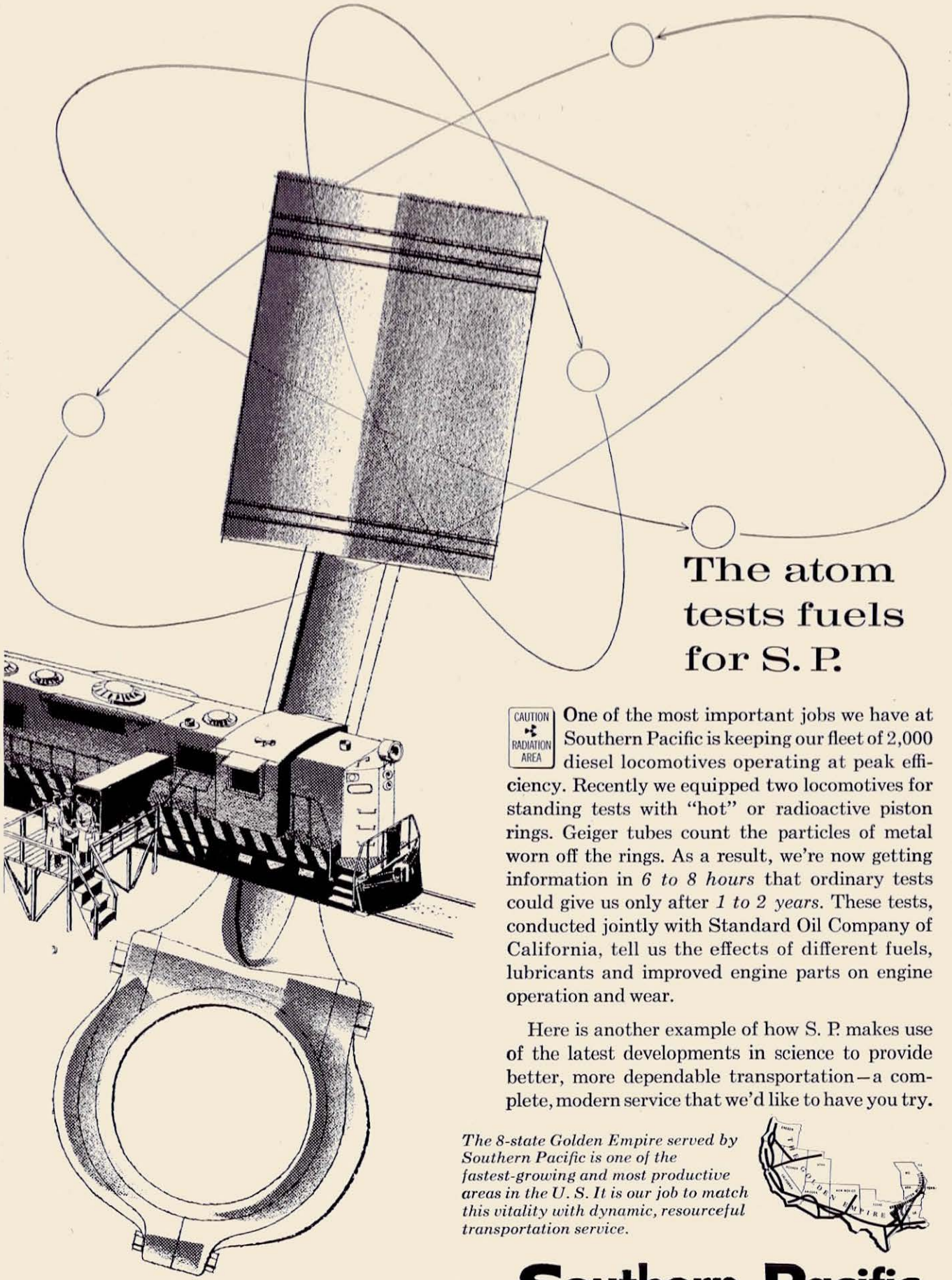
The new facility cuts 24 to 48 hours from the time previously required to handle freight. All the road's Chicago transfer operations are centralized in the freighthouse.

L&N's new yard aids shippers p.31

The road's Boyles yard, near Birmingham, Ala., was officially opened last week. It's the latest facility in the L&N's $1-billion post-war improvement program.

Labor relations 'deteriorating'? p.40

Some railroad union leaders are alarmed by what they describe as the "deterioration" of labor-management relations in the industry.



The atom tests fuels for S. P.

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One of the most important jobs we have at Southern Pacific is keeping our fleet of 2,000 diesel locomotives operating at peak efficiency. Recently we equipped two locomotives for standing tests with "hot" or radioactive piston rings. Geiger tubes count the particles of metal worn off the rings. As a result, we're now getting information in *6 to 8 hours* that ordinary tests could give us only after *1 to 2 years*. These tests, conducted jointly with Standard Oil Company of California, tell us the effects of different fuels, lubricants and improved engine parts on engine operation and wear.

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Southern Pacific

serving the Golden Empire with

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Week at a Glance CONT.

Current Statistics

Operating revenues	
11 mos., 1958	$8,725,891,095
11 mos., 1957	9,680,380,433
Operating expenses	
11 mos., 1958	6,888,018,585
11 mos., 1957	7,554,151,138
Taxes	
11 mos., 1958	877,221,337
11 mos., 1957	1,012,134,553
Net railway operating income	
11 mos., 1958	683,636,809
11 mos., 1957	863,652,558
Net income estimated	
11 mos., 1958	511,000,000
11 mos., 1957	664,000,000
Average price 20 railroad stocks	
January 20, 1959	112.09
January 21, 1958	70.00
Carloadings revenue freight	
Two weeks, 1959	1,017,789
Two weeks, 1958	1,042,091
Freight cars on order	
January 1, 1959	27,596
January 1, 1958	55,941
Freight cars delivered	
12 mos., 1958	42,760
12 mos., 1957	99,290

•

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East, West split on subsidy p.42

Top officers of 16 railroads, mayors of 11 cities meet in Chicago, find that most eastern roads favor government aid for commuter service, western roads don't. Rock Island President Jenks tells TAA institute that subsidy is "the mainline highball to nationalization."

The Action Page: Government aid—con and pro p.46

"The Case for Government Aid"—to forestall the risk of government seizure of commuter service threatened with suspension—was the subject of a special report in our Jan. 5 issue. "The Case Against Government Aid" will be fully presented in another special report in next week's issue. Whatever the final answer may be, the so-called passenger problem must be solved before it undermines private railroad ownership.

Short and Significant

Soo Line's 'guaranteed rate' . . .

is on its way to the ICC. The Western Trunk Line Committee has approved the rate, amending the proposal only to make the rate effective over all existing routes. Both Soo and the Duluth, South Shore & Atlantic are expected to file tariffs shortly. The rate would give a pipe shipper a 17.5 per cent discount if 90 per cent of his traffic between certain points goes by rail (RA Dec. 15, p. 9).

The future of Railway Express . . .

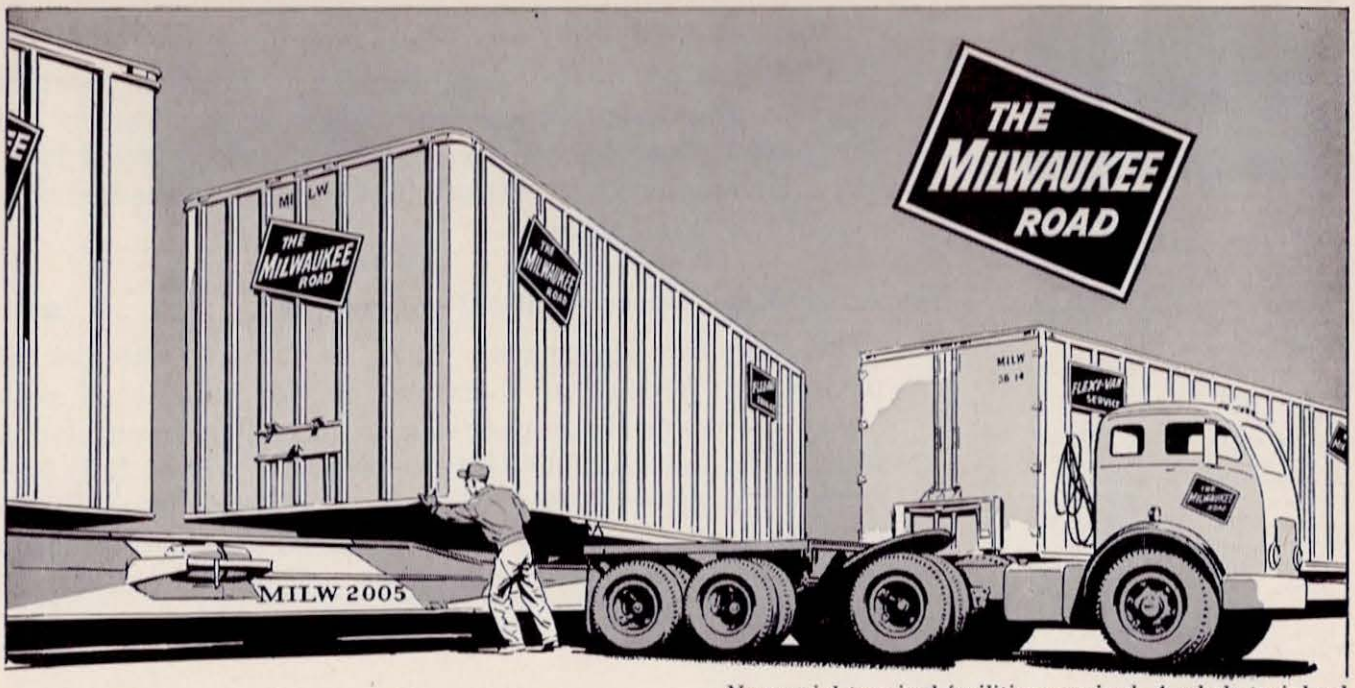
is yet to be decided. Carrier-stockholder representatives will meet in Washington Feb. 16 in the second of what probably will be a series of sessions. April 30 is the deadline for action, if New York Central's lead—dropping out of the agency next year—is to be followed.

The one-level passenger fare . . .

has won another convert in the West. Passenger-minded Wabash plans to put a three-cents-per-mile coach and first-class fare into effect Feb. 25. The single fare will apply St. Louis-Kansas City-Denver-Cheyenne via Wabash-Union Pacific. Round-trip fare will be 166.6 per cent of one way, instead of the 180 per cent scale now used. Earlier, Milwaukee and UP announced plans to put Chicago-Denver on a one-fare basis (RA, Jan. 12, p. 10).

May 19 has been set as the date . . .

and Ottawa the place, for initial hearing of the Canadian railways' application for a further rate increase, rumored to be between 15 and 20 per cent.



No special terminal facilities required. A whole trainload of Flexi-Van units may be loaded simultaneously.

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complete door-to-door, rail-highway FLEXI-VAN SERVICE

The Milwaukee Road is *first in the Midwest* with complete Flexi-Van service. It takes any shipment handled by trailer . . . gives you the door-to-door convenience of pick-up and delivery . . . the flexibility of highway travel . . . the all-weather dependability of rail transportation. Here's how it works:

- At a pre-arranged time, the Flexi-Van units back up to your dock. Full-width doors simplify loading with fork-lift trucks.
- The unit travels to the railroad where—without worry to you—the trailer body slides off its wheels onto a special, roller bearing flat car in just four minutes.
- Flexi-Van units travel across country on fast Milwaukee Road freights little affected by snow or fog. No worries about wet or icy roads. You get dependable, on-time delivery.
- At destination in Milwaukee Road cities shown on the map or in many cities in the East, Flexi-Vans are unloaded promptly and moved to the consignee's receiving dock.
- 24 hours advance notice before arrival of your shipment is given if desired.

Flexi-Van saves money because its speed cuts inventory and warehousing costs.

Investigate this new Milwaukee Road service. We are eager to cooperate with you.

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Director of Flexi-Van Sales

W. D. Sunter
General Freight Traffic Manager

Union Station, Chicago 6, Ill. Phone CE 6-7600

Check on cost, convenience, speed of FLEXI-VAN door-to-door service

THE MILWAUKEE ROAD

A good Railroad to do business with

Senator Smathers Says . . .

- Federal subsidy isn't the answer to railroad commuter deficits
- 'We must take a new look' at the problem of transport strikes
- The railroads have made 'an excellent start' under the new Act

► *Senator George A. Smathers (D.-Fla.) will help shape laws affecting transportation in the 86th Congress—as he did in the 85th when the Transportation Act of 1958 was passed. Here, in an exclusive interview with Railway Age, he takes a look back and a look ahead.*

Q. Senator Smathers, let's explore the prospects for additional transportation legislation during this session of Congress. You have reintroduced a bill to repeal the 10 per cent excise tax on passenger fares. I understand you're pretty optimistic about that.

A. Yes, I think we've got a good opportunity to repeal it. I think it's been rather well demonstrated that it's the kind of tax which certainly does not bring in enough revenue to the government to amount to a whole lot. At the same time it discourages a great deal of traveling. I think we can convince the Senate again—we did last year—that to take it off would actually be a stimulant to business . . .

Q. Do you see any prospects for additional legislation in other passenger-aid fields? I'm thinking particularly of commuter service.

A. Well, I think that everyone's becoming aware — more aware — of the need to wrestle with this commuter problem. I don't believe we can any longer force the stockholders of certain railroad companies to have to continue to see their money used on a nonprofitable basis. I don't think we can force them into complete starvation. Now whether or not it's a federal problem or a state or a county problem is where we probably will have most of our difficulty. Actually the commuter problem, as great as it is, is not a problem except with the major cities—Boston, New York, Philadelphia, Chicago, possibly San Francisco, maybe one or two others. But that's the extent of it. For example, in my state we don't have a commuter train anywhere. Texas—they don't have one. Or Arkansas. Or Oklahoma. The people there—in our state and in the West—are not going to look very kindly upon making a contribution to solve the commuter problem in a few cities, as has been recommended by some of the eastern railroads.

Q. You would regard federal subsidy as not a possibility at all?

A. I don't think federal subsidy will be the answer to the problem. I don't think it would have much chance. Now I do think that what is needed is a more realistic look at the problem in the areas where the problem exists, on the part of the cities and on the part of the counties and the states. I think they should make some tax concessions to these commuter services. I think they must recognize that there's some obligation to deliver the people in and out. And the cities and the counties and the states are going to have to meet the problem.

Q. There's been some suggestion made that a "federal railroad and transit equipment administration" be set up, perhaps to purchase and lease-back equipment and facilities both to operating carriers and to municipalities. Do you think something like that might be worked out?

A. I don't believe that we're going to see the time when a government agency will actually own title to the equipment. I think the most that you can get the government to do—the federal government—would be to underwrite loans made by regular commercial houses for the purpose of buying equipment, just as we did in the 1958 act. I don't believe you're ever going to see set up a government agency which will itself purchase the equipment and then lease it out. That would in my judgment open the door to actual ownership of the railroads, and that's the one thing I

(Continued on page 34)

"Everyone's becoming more aware of the need . . .

. . . to wrestle with this commuter problem . . .

. . . I don't think federal subsidy will be the answer."

New Transport Study Under Way

Another transport study is under way at the Department of Commerce, President Eisenhower revealed in his budget message to Congress last week.

The study, being made by Secretary of Commerce Strauss at the President's request, is the third made during the past decade under the direction of a Secretary of Commerce. The two previous ones were made by President Truman's last Secretary of Commerce, Charles Sawyer, and by President Eisenhower's Advisory Committee on Transport Policy and Organization, the so-called Cabinet Committee, under the chairmanship of Sinclair Weeks, Mr. Strauss' immediate predecessor.

The budget message also sounded Presidential calls for higher "user charges" in the form of increased taxes on aviation fuel and gasoline consumed by highway vehicles. There was also a call for higher payroll taxes to put the railroad retirement system on a "sound actuarial basis."

The study which Secretary Strauss has undertaken was described in the President's budget message as a "comprehensive" inquiry "to identify emerging problems, redefine the appropriate federal role, and recommend any legislative or administrative actions needed to assure the balanced development of our transportation system."

This was preceded in the message by a reference to actions taken by the federal government in recent years "to meet emergency problems which have arisen in highways, railways and aviation." The President added:

"These actions have sometimes been taken on a partial and piecemeal basis, without full consideration of the impact on other transport programs."

Later on, as he discussed "promotion of water transportation," the President said the national maritime policies and problems of the shipping industry will be reviewed as part of the study. And he hopes, when the report is issued, that Congress "will hold comprehensive hearings."

The President's proposal as to aviation fuel is that the tax on aviation gasoline be increased from 2 cents per gallon to 4½ cents and that the same tax be levied on jet fuels which are now tax-free. He would also put at 4½ cents per gallon the tax (now 3 cents) on gasoline and other fuels consumed by highway vehicles. Of the aviation-fuel proposal, the President had this to say:

"The magnitude of the burden on

(Continued on page 41)

Watching Washington *with Walter Taft*

• **CONTINUANCE** of the transport inquiry authorized last year by Senate Resolution 303 will be before the Senate Interstate Commerce Committee when it meets this week. S. Res. 303's authorization expires at the end of this month, but like authority for another year is proposed in S. Res. 29. This is sponsored by Committee Chairman Magnuson and Chairman Smathers of the Surface Transportation Subcommittee. The proposed study would cover problems left untouched by the Transportation Act of 1958.

• **MORE ICC LEADERSHIP** in seeking solutions of transport problems should come if Congress appropriates funds for the Commission's expanded research program. The proposed appropriation is in President Eisenhower's budget for the fiscal year beginning next July 1. It contemplates seven new positions on the staff of the Bureau of Transport Economics and Statistics.

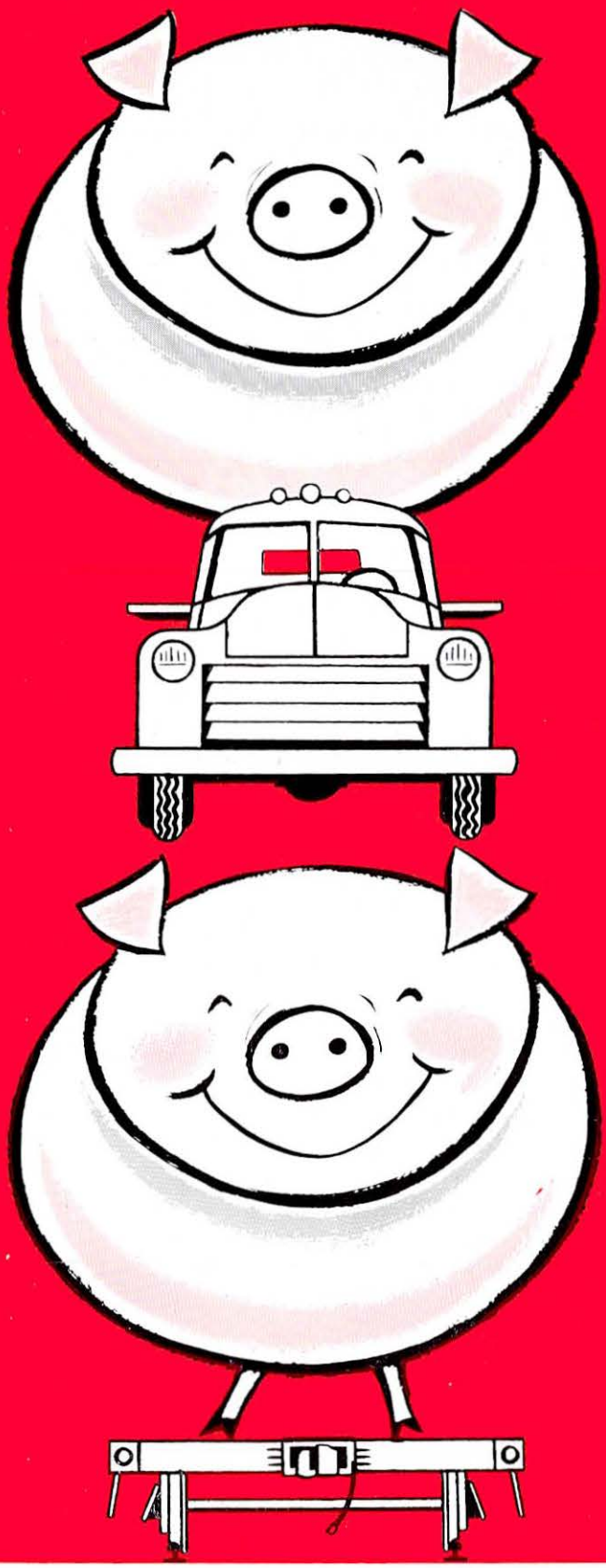
THE EXPANSION PLAN reflects Commission thinking to the effect that it should do more in this area. While it has no mandate to promote any form of transportation, it is nevertheless expected to be Congress' principal advisor on ways and means of keeping the country's surface transportation system on a sound basis.

IMPROVEMENT OF COST DATA is another Commission objective. To that end, the budget includes funds for adding seven employees to the staff of the Bureau of Accounts, Cost Finding and Valuation. The improved data are needed to guide the Commission in rate matters, especially its administration of the 1958 Transportation Act's rate-freedom provisions. Stepped-up enforcement activities are also contemplated by the budget proposals. In that connection, they call for appropriations to add 10 accountants to the field staff of the Bureau of Accounts, Cost Finding and Valuation, and seven attorneys and six special agents to the staff of the Bureau of Inquiry and Compliance. The principal aims here are to increase the frequency of examinations of carrier accounts and to put cases involving alleged railroad violations of the Interstate Commerce Act on a "reasonably current" basis.

BETTER JOB OF TARIFF CHECKING is the basis for inclusion of funds to add 12 checkers to the staff of the Bureau of Rates, Tariffs and Informal Cases. A recent study of the sampling variety indicated that most of the tariffs filed are defective in one way or another. Funds are also included to add seven staff members in the Board of Suspension where the work load has been increasing "by leaps and bounds," as a Commission officer puts it.

• **HAZARDS OF AIR TRAVEL** in 1958 appear to have been at least 66 2/3 per cent greater than those of travel by rail. The Civil Aeronautics Administration has estimated that last year's fatality rate of the regularly scheduled domestic airlines was 0.44 passenger deaths per 100 million passenger-miles. The railroad rate for the year's first 11 months was 0.27, and the December accidents shouldn't change it much.

NOW! PIGGY-BACK!



It's 5 days Coast to Coast!

1956	7 days
1957	7 days
1958	6 days
1959	5 days
1960	3 or 4?

UNIVERSAL CARLOADING & DISTRIBUTING CO. and other subsidiaries of U. S. FREIGHT CO.

One of a series of advertisements featuring those in our organization whose pleasant duty it is to present our service to shippers.

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OUR CINCINNATI TERRITORY encompasses the historic and highly productive Ohio River valley and includes about two-thirds each of Ohio, Indiana, Kentucky and West Virginia.

With Cincinnati as our headquarters for the area, other metropolitan centers are Dayton and Columbus, Ohio; Indianapolis, Ind.; Louisville and Lexington, Ky.; Charleston and Huntington, W. Va.

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In such an atmosphere—described by him as "the best," —general agent Paul L. Sensbach, and his staff, represent our company to shippers.

To these, whom we are privileged to serve, we express our appreciation for the valuable business accorded us.

J. W. SCOTT
Vice President—Traffic
KANSAS CITY 5, MO.

PAUL L. SENSBACH began work for the L&N in his native Louisville, Ky., in 1925. Went to Mississippi Central as steno-clerk, traffic, 1934, and came to similar job with us at Birmingham, Ala., 1936. Traveling freight agent, 1937; commercial agent, Winston Salem, N. C., 1939; general agent, Washington, D. C., 1943; general agent, Atlanta, Ga., 1945; general agent, Cincinnati, 1948. Besides his work, Paul's interest centers in a son and daughter, church, PTA, Community Chest, and a dozen traffic clubs and associations.

JAMES N. KYZAR, traveling freight agent, started as office boy in our traffic department, Kansas City, 1941. After several promotions, joined Army Air Force, 1945. Staff sergeant with European Ribbon and 4 battle stars; Air Medal with 3 Oak Leaf Clusters; Distinguished Flying Cross; Presidential Unit Citation and one Oak Leaf Cluster. Member Cincinnati, Indianapolis, Louisville and Columbus traffic clubs; president Cincinnati Nomads.

LOUISE M. STOREY held responsible positions with Alton and W&LE at Cincinnati before joining our staff, 1949. Her title is stenographer, but shippers find her ready with good traffic answers when the boys are out "beating the bushes." Her church, sewing, golfing, swimming and horseback riding occupy much off-duty time.

OUR CINCINNATI OFFICE
724 Provident Bank Bldg.
Cincinnati 2, Ohio

KANSAS CITY SOUTHERN Lines

January Traffic Poll

Traffic Men Optimistic for '59

Proposition

General business seems to be pretty well out of its 1957-58 "recession." But railroad traffic has not yet rebounded fully. Purpose of this Poll is to assemble the collective opinion of industrial traffic managers as to the probable course of business—and of railroad traffic—in 1959.

Questions

(1) Do you expect your company's business in 1959, as compared with 1958, to be:

Better	**83**
Same	**6**
Worse	**0**

(2) Do you expect your total traffic volume in 1959, as compared with 1958, to be:

Larger	**81**
Same	**7**
Smaller	**1**

(3) Do you expect your rail traffic volume in 1959, as compared with 1958, to be:

Larger	**65**
Same	**20**
Smaller	**4**

Almost to a man, industrial traffic managers responding to this month's Railway Age Poll expect their companies' business in 1959 to be better than in 1958.

In almost precisely the same proportion they believe, logically enough, that their traffic volume will be larger. (The one prediction of better business and smaller traffic resulted from a specific company situation—a consolidation of warehouses which will reduce total transportation.[1])

But there is a marked difference of opinion on the 1959 outlook for rail traffic. About three out of four Poll respondents expect better business and larger total traffic to be reflected also in increased rail shipments. Some of these apparently anticipate that their rail movements will show a greater growth than their total traffic—thanks to better service, reduced rates and more aggressive competitive methods. The remaining one-quarter, conversely, think their rail business will remain stationary, or actually fall off, despite improved business and larger total traffic.

Business—Better

Predictions of better business (and larger traffic) ranged all the way from projected improvements of 2 per cent to 25 per cent or more. The most commonly expressed reason was the anticipation of an improvement in the national economy, or in the particular segment of it served by the respondent's company.

Other answers were based on such matters as plant expansion; acquisition of new subsidiaries; or introduction of new products.[2,3] A broader answer referred not only to new products but also to a "better merchandising and better marketing program."[4] Several replies pointed out, in effect, that "late orders in '58 mean more shipments in '59."[5,6] One man said his company "liquidated inventory in 1958, is operating at present on as low an inventory as feasible and starting in 1959 will bring inventory back to a normal level."[7] Other generally optimistic answers were based on "return of buying confidence,"[8] or on favorable reports from salesmen.

Rail Traffic—Up

Predictions of larger rail traffic in 1959 were based both on general and on specific grounds. In the general group were such replies as: "The railroads are fighting for and regaining some lost traffic"[9]; "rail traffic is on the upgrade because the carriers are mak-

(Continued on page 30)

The Opinions Are Theirs

[1]G. T. GLEASON, TM .....*Zellerbach Paper Co., South San Francisco, Cal.*
[2]C. F. JOHNSTON, TM .....*National Store Fixture Co., Odenton, Md.*
[3]E. E. GRIGG, TM ..*Smith Bros., Inc., Poughkeepsie, N.Y.*
[4]R. L. HENDERSON, TM .....*Simoniz Co., Chicago.*
[5]G. V. FOLEY, TM .....*Electric Steel Foundry Co., Portland, Ore.*
[6]R. L. JOHNSON, TM ....*Baldwin-Lima-Hamilton Corp., Eddystone, Pa.*
[7]J. R. MORTON, Asst. to Pres. ....*Vega Industries, Inc., Syracuse, N.Y.*
[8]R. T. SMITH, Dir. of Traf. ..*Davison Chemical Co. div. of W. R. Grace & Co., Baltimore.*
[9]SAMUEL PORTNOY, GTM ..*Emerson Radio & Phono. Corp., Jersey City, N.J.*
[10]H. F. SIXTUS, GTM .....*Mohasco Industries, Inc., Amsterdam, N.Y.*
[11]H. A. ARCHAMBO, Dir. of Traf. ..*Minneapolis Traffic Assoc.*
[12]D. F. HENSLEY, TM ..*Tung-Sol Electric, Newark, N.J.*
[13]R. A. STUART, TM .....*Mennen Co., Morristown, N.J.*
[14]D. M. DALY, Dir. of Traf. ..*Bristol-Myers Products Div., Hillside, N.J.*
[15]C. J. CLARK, TM ....*Cadillac Motor Car Div., General Motors Corp., Cleveland Ordnance Plant, Cleveland.*
[16]W. S. CARTER, Dir. Trans. ....*Syracuse China Corp., Syracuse, N.Y.*
[17]FRANK BOWDEN, GTM ....*Standard Tank & Seat Co., Camden, N.J.*
[18]K. G. VAN AUKEN, TM .....*Durkee-Atwood Co., Minneapolis.*
[19]E. J. SIMEONE, Gen. Mgr. .....*G. R. Kinney Co., Harrisburg, Pa.*
[20]C. A. MEYER, Exec. GTM .....*Mosaic Tile Co., Zanesville, Ohio.*
[21]GEORGE FRANK, TM .. *H. L. Green Co., New York.*
[22]W. C. NEWMAN, GTM ....*Archer-Daniels-Midland Co., Minneapolis.*
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R. C. WINCHESTER
General Freight Traffic Manager
WARWICK, NEW YORK

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New Products

Detroit Diesel Adds Eight New Models to Engine Line

In a bid to expand the application of diesel power to new fields, General Motors' Detroit Diesel Engine Division is introducing eight new basic units to its line of 2-cycle diesel engines.

Already widely field-tested, the expanded line ranges from 20-hp at the bottom to a high of 1,650-hp for the turbocharged 32V-71. According to the company, the horsepower range prior to expansion was 30 to 893.

The expanded line introduces a new "53" series to supplement the present "71" and "110" series. The "53" includes two, three and four-cylinder "in-line" engines, and a 6V. The "71" series, formerly "in-line" only, now offers 6V, 8V, 12V and 16V. The latter two can be "twinned" for higher horsepower needs. The company expects to add turbocharging to all units from 6V-53 on up.

Only three cylinder sizes are used in the entire line. This creates close family relationship for maximum interchangeability of parts and low inventory. The new designs are compact and light weight and are expected to provide added fuel economy and low maintenance.

Two-cycle diesel engines, the company says, have at least three advantages over four-cycle competition. These are more horsepower per cubic inch of displacement, higher horsepower to weight ratio and higher horsepower to volume ratio.

One big aim of the widened engine range, according to Detroit Diesel spokesmen, is to broaden the overall market for diesel power—including applications where gasoline engines have heretofore served as the principal power source.

Gasoline-powered maintenance-of-way work equipment is one such objective. Here, when such equipment is left unattended along a rail line, fuel pilferage is sometimes a costly item. Of course, some M/W equipment already is diesel-powered.

Other new or potential applications, in the lower power ranges, are fork lift trucks, loaders, conveyors, and hoists.

Expansion into other existing diesel markets is anticipated. These include locomotives, where the higher horsepower can now compete. Power requirements of mechanical refrigerator cars can be met more precisely, too, as can needs for generators, trucks, heavy work equipment and similar uses. *—Detroit Diesel Engine Div., General Motors, Dept. RA, Detroit 28, Mich.*

How John H. Breck Distributes Nationwide

Rail, highway, and intercoastal water transport all play their parts in carefully planned shipping program worked out by New England manufacturer with objectives of reliability, economy, and, especially, damage-free handling of fragile containers

Rail, truck and water transport all play a part in the nationwide distribution of products manufactured by John H. Breck, Inc.

The Breck company has its factory and headquarters at West Springfield, Mass. It is a leading producer of shampoos and hair preparations marketed under the well-known "Beautiful Hair Breck" trademark.

Approximately 56 per cent of its total output is shipped directly from the West Springfield factory warehouse to jobbers, chain stores and retailers in 22 eastern states. The remaining 44 per cent is moved initially to warehouses located in Chicago, Houston, Los Angeles and San Francisco and redistributed to customers from those locations. The Chicago warehouse alone handles about 20 per cent of the company's total volume. The other 24 per cent is divided among the Houston, Los Angeles and San Francisco distribution centers.

Shipments from West Springfield to Chicago move either by rail or by truck. Shipments to the Texas and California warehouses may be routed by rail, by water or by what the Breck company calls "sea-land trailer" service. Water shipments are handled by truck to Boston and thence by intercoastal vessel to the West Coast via the Panama Canal. "Sea-land trailer" operations also involve truck and water movement, but in that case an entire trailer body (minus wheels) is treated as a giant container for direct shipboard movement. Air freight is not yet an important factor in the Breck traffic picture—but it may be some day.

Determining factors in choice of transportation involve such things as size of shipment and delivery time required. To Chicago, for example, the average trailer-truck shipment will weigh approximately 35,000 lb, against minimum rail weights of from 50,000 to 65,000 lb, but delivery time by truck, the company finds, is normally faster—36 hr from Springfield factory to Chicago warehouse, against three to four days by rail.

On longer movements, the minimum weight by sea-land service is comparable to that by highway truck (35,000 lb). The rail weight again is 50,000 to 65,000 lb. Water shipments, by contrast, may run as high as 350,000 lb. On these longer hauls, however, the time advantage lies with rail shipments —from eight to ten days from West Springfield to any of the three western warehouses, compared to four to five weeks by intercoastal water service.

Regardless of the method of transportation employed, loading is an important element in all the company's shipping operations, particularly because many of its products are packed in glass bottles. Thus, they are especially susceptible to damage en route. Recently, the company has begun to market some of its products in plastic bottles, but they are not expected wholly to replace glass containers.

Necessarily, therefore, the company has worked out a careful loading formula which places the heavier packages at the bottom of each shipment and lighter items on the top. Five-gallon cans packed in cardboard cartons form the base, or floor, of any mixed shipment. Cartons containing glass bottles of smaller size form the next layer. The lightest items, such as hair brushes, are placed at the top of the load.

Loading of freight cars or trucks is normally done with pallets handled by power-driven pallet trucks. The pallets themselves, however, are used only to move merchandise into a car or truck. There, they are unloaded by hand; the cartons individually placed; and the pallets removed before the vehicle is released for shipment. Loading of a freight car requires about 20 man-hours. Traffic manager for the Breck company is Philip L. Sherman.

BRECK PRODUCTS—many of them packed in glass containers—are hand-loaded in transit vehicles in accordance with carefully-worked-out patterns to minimize damage en route.

TEMPORARILY PALLETIZED LOADS are trucked into freight cars or highway trailers, where final shipment loading is done by hand.

Forwarders Find New Profit in

Morris Forgash, president of U. S. Freight, helped set a new pattern in piggybacking in 1958. Now he sees fast growth ahead—with big gains for both forwarders and railroads.

Q. Mr. Forgash, we hear increased talk that forwarder traffic will bring on major changes in railroad piggybacking—set it on a faster growth curve, so to speak. As one of the major forwarders, do you think this prospect likely?

A. I certainly do. A number of railroads, as you know, have published rates aimed at helping bring this about. Our company, along with other forwarders, has proposed numerous rate changes based on these underlying rail rates. Unfortunately, the ICC suspended our rate proposals after receiving protests from motor carriers. I have hopes, though, for a reasonably early decision. Some major shipper groups have now intervened in our support, as you know.

Q. You're talking here about two kinds of piggyback, are you not—one where you provide the trailers, and another where you provide both trailer and flatcar?

A. Yes. And you realize, of course, that we already are piggybacking quite a lot of business under both plans.

Q. Just exactly how do railroads benefit from all this?

A. Well, I think some arithmetic will answer that. In a recent month, our subsidiary, Universal Carloading, moved 765 box cars, Chicago to Los Angeles, and the average loading per car was 19,633 lb. The railroads received $658 per car, on an average, for this business. During the same month, we moved 94 flatcars, piggyback, between Chicago-Los Angeles. Average weight per car was 61,918 lb, and the average per-car revenue we paid the railroads was $1,009. That was all Plan IV business, where we provided both flatcars and trailers.

Q. You mean that when you provided the basic vehicle the revenue to the rail carriers was higher than when the carrier provided it?

A. Exactly. And it points up, to me, a real paradox in transportation. That $658 the railroads received for box car movement isn't the whole story. Now, if you figure it costs the railroad, conservatively, $58 to handle that car at the terminals, you trim the gross back to $600. Then you have to figure something for empty mileage, say 20 per cent to be safe, and you can knock off still more of their revenue. Figure four cents a mile to own and service the car and you finally get that $658 down pretty low—and you've still made no allowance for anything like common carrier liability.

Q. In other words, the railroad not only gets more revenue for handling your traffic piggyback, but actually keeps a bigger percentage of it?

A. That's how it figures out. On the example I mention, the average load per flat car was about three times that of each box car. Of even greater significance, I think, is the release of tremendous capital investment by the railroads for other urgent purposes. The replacement cost in today's market of a modern roller bearing box car is around $10,000. In one single month of our experience, barely the beginning of the operations, the capital saving to the railroads was approximately $4,000,000. The potential in that direction is fantastic. Another source of potential saving lies in elimination of loss and damage claims. Since this service was started, not a single dollar in claims has been filed against a rail carrier.

Q. I can see where that would appeal to a railroad but where does your company fit in? Where does your payoff come?

A. Well, we effect substantial savings in terminal freight costs. Piggyback enables us to eliminate a great deal of rehandling and transfer. For example, a large part of our business in the Midwest feeds into Chicago via common carrier truck lines. We are now beginning to load solid truckloads of consolidated shipments at Detroit for Los Angeles and San Francisco. The trailer arrives at Chicago and is loaded on a flatcar for destination. We avoid rehandling over a warehouse platform. That's a big economy for us. We're also having some success in loading trailers at origin in store door delivery order, which eliminates physical rehandling over the platform at destination.

Q. Let's go back, for a moment, to the rate proposals suspended by the ICC. Motor carriers protested those rates, did they not, on grounds that you were invading their field?

A. They say that. But essentially what we're proposing isn't inimical to motor carriers.

A few months ago some trucking organizations were contending that they would be put out of business by our piggyback operations. Now, six months later, nothing has happened to justify their fears. It boils down basically to the understandable feeling that one does not like to see added competition. I am confident the Commission is going to evaluate the situation in a most objective and impartial manner. I am certain that no "Chinese wall" will be built around anybody's business simply because he feels he has "squatter's rights" and doesn't like additional competition.

Actually, I think it's more a case of the trucks invading our field than the other way around. As we've pointed out to the Commission, forwarders have published volume rates for years and these present proposals are nothing more than a move to stay competitive.

Q. If this is a competitive fight with the motor carriers, how do your costs compare? That must enter this picture in a big way.

A. Well, take a trucker. His minimum cost for a well equipped diesel tractor is about $20,000 and the cost of an aluminum trailer is approximately $7,500. So his total capital investment is $27,500.

By comparison, the cost of an 85-ft flatcar is about $15,000. Steel trailers, which cost less, can be purchased for approximately $4,500 each. The total capital investment by rail figures $24,-000 for the flatcar and two trailers. The comparable investment for hauling two trailers on the highway is two times $27,500 or $55,000.

Piggyback

Q. But that isn't the whole cost for either carrier. How do operating costs compare?

A. Of course, there are other expenses. Let's reduce them to per-mile costs. Owning and operating a flatcar won't run above 5 cents per mile. Calculate two trailers at 1½ cents or a total of 3 cents per mile. Add to that the terminal-to-terminal cost of 42 cents a mile provided in the railroad tariff, and it all adds up to total of around 50 cents. To that must be added a reasonable allowance for empty car movements which would bring you in the neighborhood of 62 cents per mile. Now, there is just one additional cost, as I see it, and that is moving trailers to and from railroad yards and loading on the flatcars. This item runs about $35 a trailer or $140 for two trailers on a flatcar. Reduced to a mileage basis—2,200 miles from Chicago to Los Angeles—you get around 6½ cents per mile.

When you add all this up you arrive at an overall cost of 69 cents per flatcar or 34½ cents a trailer mile, door to door. The best estimate I have of comparable cost over the highway is 35 cents.

Q. Well, the trucker can use piggybacking too, can't he? A lot of railroads have Plan I piggyback and are out seeking motor carrier business, as you know.

A. That is true and it raises an interesting point. These are contract arrangements, with railroads furnishing flatcars. No guaranteed round trip load factor is required as it is under Plan IV piggyback. Yet railroads make available to the trucker a much lower cost per trailer-mile. I have always had grave doubts as to the legality of this arrangement, and I haven't been persuaded that in the long range viewpoint it is in the best interest of the railroads themselves.

After all, these arrangements can only work out terminal-to-terminal in the longer hauls, and that is exactly where railroads are trying desperately to compete. When a motor carrier goes off the highway onto the "back" of a railroad he is no longer, in fact, operating as a motor carrier in accordance with his certificate. The arrangement certainly isn't a "true" joint rate in the accepted sense of the term. If you get down to the substance of the law, and outline what the motor car-

(Continued on page 20)

"WE PAID the railroads $658 per box car . . . but under piggybacking we paid $1,009 per car. And that's where we provide all the equipment, both trailers and flatcars.

"WE'VE PUBLISHED volume rates for years. These proposals now are a move to stay competitive. That's why the truckers object."

MODERNIZING YOUR ROAD LOCOMOTIVES WITH . . .

G-E Simplified Amplidyne Control Kits Will:

- **Reduce Maintenance**
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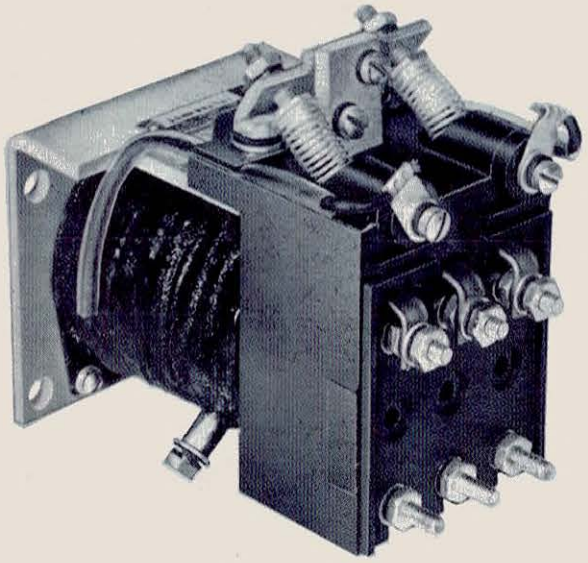
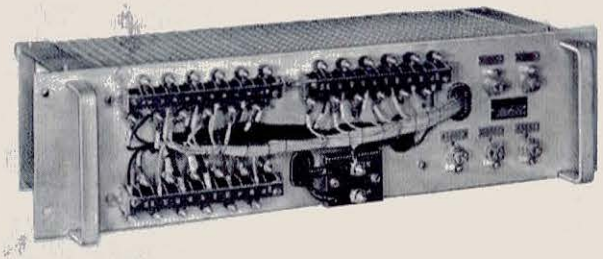


RUGGED, RAILROAD-TYPE RELAYS contained in G.E.'s Simplified Amplidyne Control Modernization Kit have heavy-duty contacts and stud-type connections. Less frequent maintenance is needed.



CONTROL PANELS contain only non-moving circuit components. Panels are designed for ease of handling and accessibility.

Your locomotive builder can tell you about the many other improved components

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A TIME-SAVING, COST-CUTTING, MODERNIZATION PACKAGE for your G.E. amplidyne control equipped road locomotives has been developed. It's General Electric's Simplified Amplidyne Control Modernization Kit. Already proving itself through day to day use, this kit supplies the simplest control system possible—consistent with adequate protection and efficient operation of the locomotive equipment.

Improvements resulting from 12 years of experience with amplidyne control have been incorporated into compact modernization packages. Many railroads have installed these kits on hundreds of locomotives and are now realizing improved, more efficient performance plus savings in maintenance dollars.

Installation of this modernization kit will upgrade and standardize your equipment. With this kit you retain many existing components for re-use and modification within the system. Re-cabling of your fleet with General Electric's new, improved locomotive wire and cable will further increase the value received from your investment in locomotive overhaul.

Here are a few of the ways you will benefit from this General Electric advance:

REDUCED MAINTENANCE. Elimination of 8 relays, 49 interlock circuits, 4 circuit breakers, 2 capacitors, and 3 resistors is made possible by Simplified Amplidyne Control. Control wiring has been reduced as much as 25 percent and numerous wire terminations are also eliminated.

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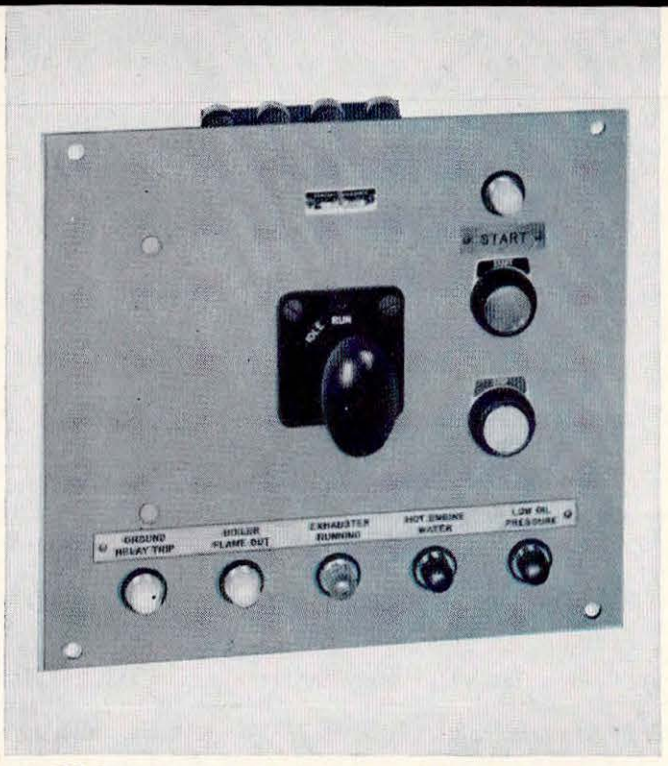
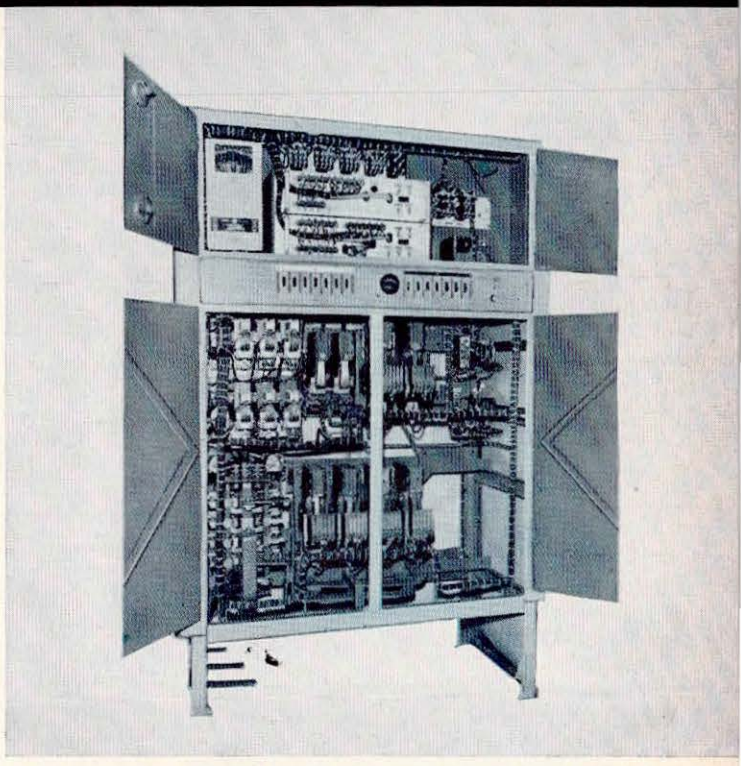
STANDARDIZED RENEWAL PARTS INVENTORIES. Reduction in the variety of electrical panels and devices used in locomotives and fleets of differing vintages and ratings is accomplished through the use of Simplified Amplidyne Control. This standardization increases the utilization of renewal parts inventories. It also simplifies maintenance routine and instructions.

UP-GRADE YOUR G-E EQUIPPED ROAD LOCOMOTIVE during its next overhaul by installing this Simplified Amplidyne Control Modernization Kit. For more information, contact your locomotive builder directly. General Electric Company, Locomotive and Car Equipment Department, Erie, Pennsylvania. 128-65

KIT CONTAINS IMPROVED COMPONENTS FOR EASIER INSTALLATION



COMPACT ENGINE-START PANEL simplifies start-up procedure. Starting switch is of push-button type, while engine control switch has only two positions to operate.



MAIN CONTROL COMPARTMENT shows new wiring and Simplified Amplidyne Control equipment in place. Note compact arrangement and accessibility of components.

that make up General Electric's Simplified Amplidyne Control Modernization Kit.

Progress Is Our Most Important Product

GENERAL ELECTRIC

 (*Continued from page 17*)

"It hasn't been uncommon for us to roll these piggyback cars as much as 500 miles a day. . ."

"Railroads will have to take a new look at heavy tonnage trains. Contents of cars is what counts.

"The speed between tonnage storm centers is going to get faster. And this isn't too far off, either."

rier actually does alongside the forwarder definition contained in the Interstate Commerce Act you will be hard put to tell the difference. What I mean is, the motor carrier is actually performing forwarder service without a forwarder certificate. The basic tenet of law is to recall *what one does* and *not what one calls himself*. This entire question may have to be answered in the near future.

Q. But forwarders can consolidate and use railroad piggyback because that's the nature of their business?

A. Yes.

Q. Mr. Forgash, just how did you come into piggyback? What propelled your companies into it after railroads had been offering the service in other forms for at least six years?

A. It was a combination of things. You don't just sit down and say, "I'll think this thing out." It started, I'd say, when we were looking into the tank car situation. There you have about an 80 cent per-mile general rate level on cars owned or leased by shippers. A railroad pays a four cent mileage allowance for the right to move it, including the "privilege" of moving it empty, by the way. So the real rate is 72 cents, or 36 cents one way, and for this the rail carrier also provides terminal services. That got us thinking that something similar to this might apply in our case. Out of a lot of work and talking to a lot of railroads, this thing took shape.

Q. You appear to have approached this thing from the angle of car-mile costs, not on any specific rate on any specific commodity or group, is that right?

A. Yes. The real measure of railroad earnings is revenue per car. The "car" is the basic factor of calculating railroad costs. Car utilization is what counts. We are putting our emphasis on that and I think this approach promises to open new vistas in railroad thinking and rate making. I don't say that forwarders hold the panacea for all the ills in the railroad industry, but I do think that in piggyback Plans II, III and IV may well lie the beginning of the answer to many of their competitive problems.

Q. I've heard discussion, Mr. Forgash, that the entry of forwarders into piggybacking, and railroad publication of these Plan III and Plan IV rates, will, as they say, undermine the whole rate structure. Do you want to comment on that?

A. In the first place, I don't think there's any danger of that. The time is coming, however, when rail carriers are going to have to take some kind of new look at the atomic composition of a freight rate. The emphasis will have to shift more toward car-mile earnings and away from the traditional factors of cost and value of service, common carrier liability, what the traffic will bear, empty movements, and things like that. They have gone to the incentive rate idea already, and variable minimums, increasing per-car revenue by encouraging heavy loading.

Q. Let's go on to another area of this thing, the matter of service. How are the railroads doing on that score, as far as your piggyback operations are concerned?

A. Good, with a few exceptions here and there. We keep after this, of course, and one measure of how well we've done is in our daily mileage. It hasn't been too uncommon to roll our piggyback cars 500 miles a day and we've been averaging 450 miles on all our cars. We keep them busy.

Railroads, as you know, have initiated drastic improvements in line-haul service in recent years. Just a few weeks ago you had announcement of third midnight service, Chicago to Los Angeles. It wasn't too long ago that it was five to seven days, and sometimes pretty haphazard at that. We now get second midnight, Los Angeles to San Antonio and from Los Angeles to Memphis it's 2 a.m., fourth morning.

Q. And you see more improvements coming?

A. Oh, yes. I also foresee that the railroads will have to change their concept on the economics of long heavy-tonnage freight trains. They're going to have to seek a more direct relationship between the ton-mile cost of moving the train and the contents of cars in that train. The revenue on a 100-car coal train is one thing; and the revenue on a 50-car train of manufactured products is quite another.

Q. You think, then, that these changes aren't too far in the future?

A. It's a matter of months, I'd say, rather than years. The speed you get between your tonnage storm center is going to get faster. After all, what does a shipper buy when he buys transportation? It's not the mode of transport. He's interested in elapsed time and price.

(*Continued on page 23*)

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Q. Pertinent to this service competition, if we can call it that, I understand motor carriers move a lot more LTL than truckload between the Pacific Coast and the Midwest. Is that true?

A. Something like 75 per cent of the motor carrier business in transcontinental territory is LTL. That comes back to what we were discussing earlier, this argument over our rate proposals. What is a truckload lot, anyway? Twenty years ago, when you had 20-ft trailers, it was 20,000 lb. Now your trailers are up to 40-ft and the truckload of yesterday is the LTL of today. Rates, of course, grew up around the old basis.

There's one myth surrounding today's truck service that has to be challenged and broken. The public sees a truck on the highway and figures it was backed up somewhere, loaded, and is on its way. That's very seldom the case. Truckers consolidate, the same as forwarders. Actually, when you talk about trucks and forwarders today you are talking about the same kind of business.

Q. One other point Mr. Forgash. Your companies have various types of equipment — General American cars, Flexi-Vans, and you recently joined Trailer Train. How do you coordinate these different types of equipment, or is that a problem?

A. It is a problem, with us and everyone else, though it hasn't bothered us too much yet. We've even been able to interchange some of this equipment through a little ingenuity. And we're greatly itnerested in any move to standardize piggyback equipment.

Q. Is there any likelihood that through a company like U. S. Freight, where you have these different types of equipment under single ownership, you might make some contributions to this standardization idea?

A. That is a question I'm especially interested in right now. At the National Defense Transportation Association convention in St. Louis a few weeks ago, that organization recognized the necessity for standardizing containers and other equipment for both piggyback and fishy-back service. The military people are interested and the subject was thoroughly discussed.

After the convention, NDTA's Executive Committee appointed a committee—"The Committee of Containerization and Standardization" — of which I have the honor of being chairman. Since then, we have begun a "crash" program on this problem and are already making progress.

Q. Who's on this committee?

A. Well, we have been fortunate to enlist such men as Champ Carry, president of Pullman; Herbert Rogge, president of the Car & Foundry Division of ACF; Roy Freuhauf, of Fruehauf Trailer; W. A. Burns, president of Trailmobile; Gen. F. T. Voorhies, Asst. Chief of Transportation; E. M. Fitch, Department of the Interior; J. P. Newell, vice president of the Pennsylvania. There are others, too. The committee is approaching standardization of the basic container or truck body at 40 ft and multiples thereof—down to 20- and 10-ft boxes, for instance. Further meetings will be held in the next few weeks and I'm sure we will make quick progress. After we agree on a definite standard we'll then go to work on the matter of construction. It has to be something practical and economical.

Q. Mr. Forgash, is there any chance of piggyback offering a solution to large passenger service losses of the railroads? I noticed you mentioned this in a recent speech.

A. I think so, very definitely. There's no reason why roller-bearing piggyback cars can't be incorporated in symbol passenger trains, particularly on longer runs. This could compensate for passenger revenue deficits and the reduced volume of passenger traffic. If it's done with demountable truck bodies of anodized aluminum of varying shades of color this equipment will harmonize with the motifs of the most luxurious passenger trains. In other words, "eye appeal" need not be sacrificed.

Q. A short time ago, you said in a speech that we may see transcontinental freight moving across the nation in 48 hours. What basis do you have for that opinion?

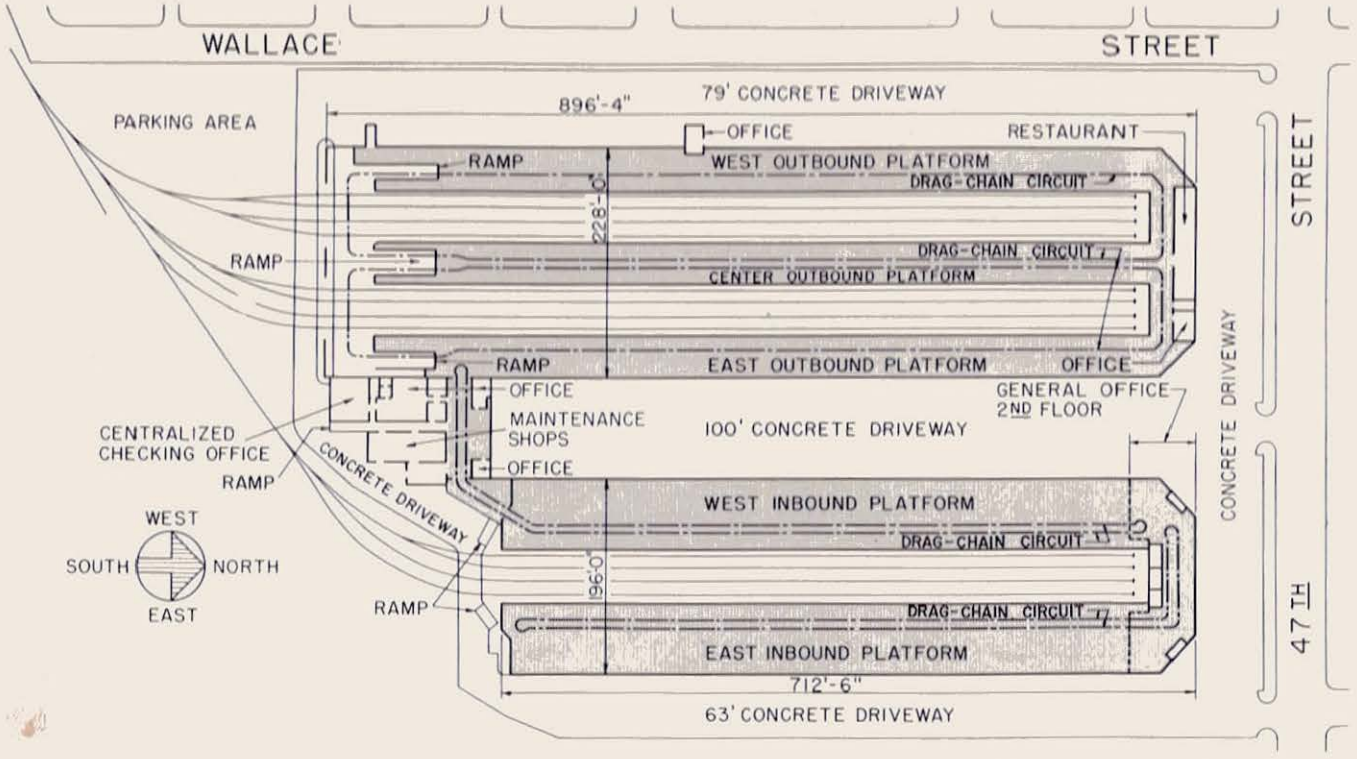
A. That prediction is not as farfetched as it might appear to be on the surface. It's already in effect in passenger service. You leave New York at 6:00 p.m. and arrive in Los Angeles 9:00 a.m. third morning, after a ninehour stopover in Chicago for connections. Just think — performing such service on one of their most unprofitable segments of business? What is needed is high speed trains comprised of roller bearing equipment. I also think we'll see development of an atomic-powered locomotive inside 10 years. We already have atomic submarines. An atomic-powered ship is on the drawing board and we are on the threshold of atomic-propelled aircraft. The railroads will be able to capitalize on what the federal government is spending to develop these atomic-powered plants for other forms of transportation.

Q. From what you say, I take it you see big things ahead for the railroad industry. Is that right?

A. I do indeed. I believe the railroads are on the threshold of the most dynamic and profitable years of their entire existence. They are just beginning to see the real potential of their private rights-of-way. They've done a tremendous modernization job already. They have, right now, the means to produce mass transportation on a cost level unequalled by any other form of transportation anywhere in the world. Man for man, organization for organization, they don't need take second place to any other industry.

I would term the period of 1929 to 1949 the period of "bewilderment." Since then they have come to better understanding of their problems. No doubt an expression of their initiative in producing transportation at the lowest possible rates will find a more favorable climate under the revised Transportation Act of 1958.

"There is no reason why piggyback cars can't be incorporated in passenger trains, especially on long runs."



LOCATED ON CHICAGO'S SOUTH SIDE at 47th and Wallace Streets the freight transfer facility centralizes LCL operations that were formerly handled at two downtown freighthouses. The U-shaped structure covers a total of 405,000 sq ft, including 12 tracks, 5 connected platforms and 4 separate underfloor towing circuits. The four long sides of the buildings can accommodate a total of 280 truck trailers. Shaded areas are working platforms.

New Facility Speeds Freight

The Wabash has placed a big and modern freighthouse in service at Chicago. The structure, built primarily as a freight-transfer house, is located at 47th and Wallace Streets on the city's south side. The new structure is huge. Its covered area is 405,000 sq. ft. Combined capacity of its 12 tracks is 204 cars. Aggregate capacity of the facility's tailboard space is 280 trucks.

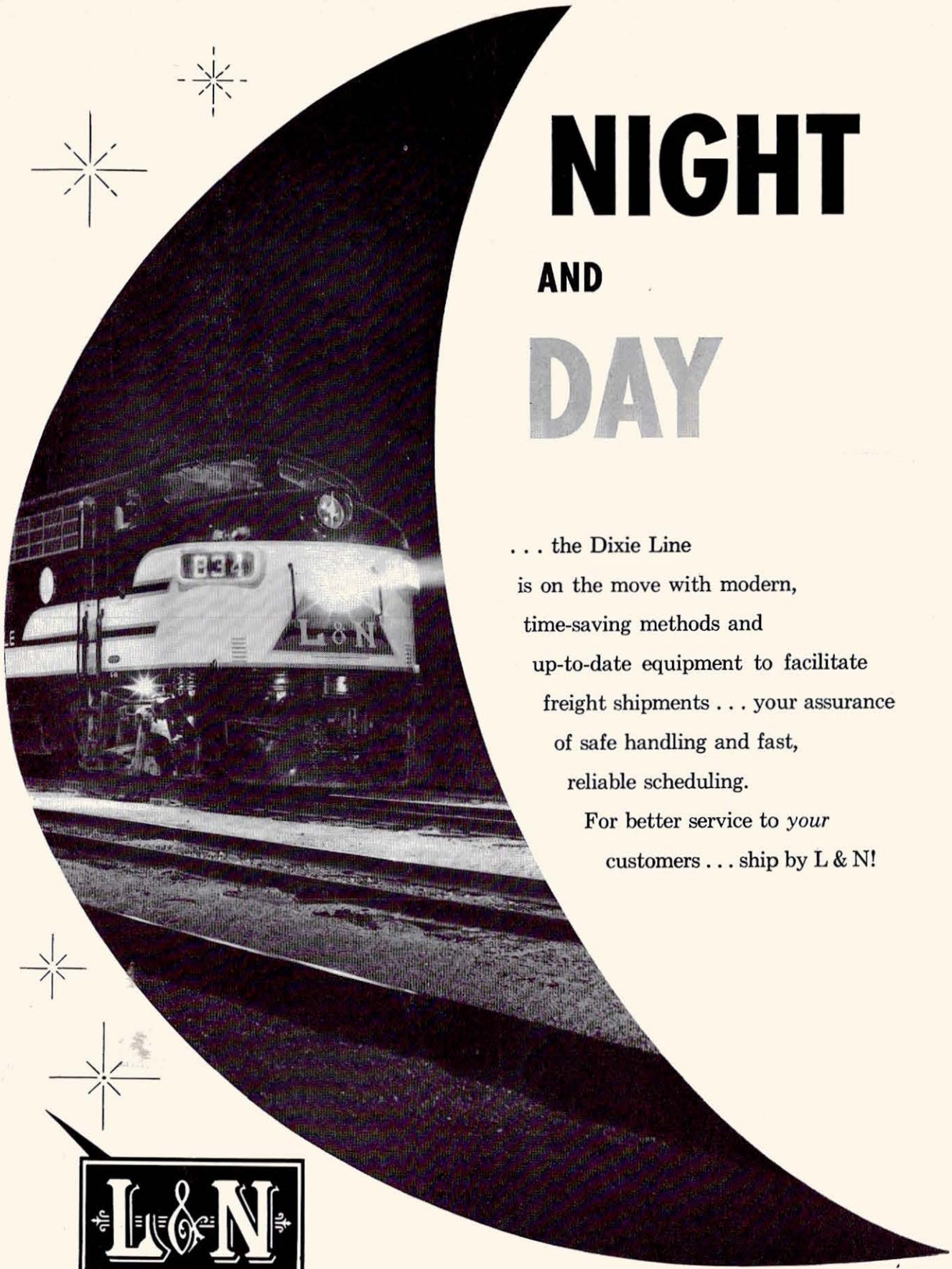
Distinguished from a conventional freighthouse by its layout, the new Wabash house at Chicago places inbound and outbound operations in separate buildings—each with its own cross platform and "headhouse." Operating offices are located at the track-entrance end of the structure between the inbound and outbound sections.

The facility handles freight fast and efficiently. An officer of the railroad recently stated that the new facility cuts 24 to 48 hours from the time previously required to handle freight. This applies to about 80 per cent of the freight passing through the structure.

There are two underfloor or drag-chain systems in each house. Each system is continuous and operates at 165 fpm. In the inbound house, the loop serving the east platform is 1,540 ft long. That serving the west platform is 1,720 ft long. Both loops operate at platform elevation in a counter-clockwise direction and do not cross the tracks. The two systems approach each other at one point so that trucks can be transferred from one loop to the other. The approach point is at the 47th Street end of the house.

The system on the west platform of the inbound house extends across the rear of the facility to a point near the underfloor loop serving the east outbound platform. This allows freight to be transferred from one house to the other. Both underfloor loops in the outbound house are 1,910 ft long, with the east platform loop operating in a counter-clockwise direction and the west platform loop operating in a clockwise direction. Thus, both loops operate in the same direction on the center platform to facilitate transferring trucks from one to the other.

The two underfloor systems in the outbound house move down ramps at the south end of the house to cross the tracks at grade. They do this over built-up crossings which have spring-operated flangeway assemblies to allow the passage of boxcars into the house. When the outbound house is switched, the underfloor system crossing the par-



NIGHT AND DAY

. . . the Dixie Line
is on the move with modern,
time-saving methods and
up-to-date equipment to facilitate
freight shipments . . . your assurance
of safe handling and fast,
reliable scheduling.
For better service to *your*
customers . . . ship by L & N!

L&N

The Dixie Line

LOUISVILLE & NASHVILLE RAILROAD

OUTBOUND HOUSE (right) has its long sides open. The inbound house (left) is enclosed. A 14-ft canopy protects loading and unloading of truck trailers. The platforms are constructed of reinforced concrete.

STRUCTURAL STEEL BUILDINGS cover the platform and track areas. This view was taken before the facility became operational. Sides of the monitor sections over the track wells are covered with corrugated plastic panels.

ticular group of tracks is automatically stopped when the switch leading to it is activated. The other circuit continues to operate.

Each underfloor system may be stopped, in case of emergency or operating necessity, by anyone working on the floor. Stops are caused by pushing a lever on a switch box on every sixth column (about 130 ft apart). A yellow light over the box indicates the station at which the system is stopped. To restart the system, the lever is again pushed and after a 10-second delay, during which a warning horn is automatically sounded, the system begins to move.

The nerve center of the entire facility is the centralized checking room in the main-office portion of the facility. In it is a switchboard capable of handling 250 lines. In the same room are 20 individual booths. Each booth has a checker's console. Each console is connected through the switchboard to 60 fixed talkback speakers placed throughout the building. The checker, using his console, can handle up to 5 crews unloading freight. Each crew has a portable speaker which can be plugged into the checking system at outlets located throughout the platforms. Pressing a button on the speaker informs the switch board that the crew is ready for checking. The switchboard operator then connects the speaker to an available checker. The switchboard also handles thirty-nine, 360-deg 30-watt paging speakers and the intercommunication system between offices.

The Wabash has centralized all of its Chicago transfer operations in the new facility. Its construction permitted elimination of two freighthouses in the downtown area, one at Clark and Polk Streets and the other at 12th Street and Plymouth Court.

The operation of the 47th Street structure transfers LCL freight between truck-trailers and box cars. In it, cars loaded with LCL freight, received from other centers throughout the United States, are unloaded in the inbound house. During unloading the shipments are separated according to local consignee or destination if they are to be transshipped. They are then loaded onto platform trucks for movement to the city floor, if for local delivery, or to the outbound house for reloading into a box car, if for transhipment. Local shipments are loaded into trailer trucks the same night as arrival for delivery to consignees the next day.

Freight originating locally and destined for movement out of the Chicago

area is picked up by trailer trucks and delivered to the outbound house. There the shipments are sorted according to their destination, loaded onto platform trucks and placed in the underfloor circuit for movement and loading in designated cars.

Structural Steel Buildings

Structural steel was used for both houses with the exception of the "headhouse" section of each building. These were constructed of concrete block with a brick facing. Structural steel framework consists of long-span open-web joists, which frame into steel columns. This is topped with a 4-ply built-up roof over an insulated steel deck. The inbound house has its sides enclosed with galvanized sheet metal siding and 11-ft by 20-ft mechanically controlled overhead doors. The long sides of the outbound house are open.

Loading and unloading operations of truck trailers are protected by a 14-ft wide overhanging canopy on each side of the buildings. Platforms are constructed of reinforced concrete.

The portions of the structure over the track wells are raised to form monitor sections. Sides of the monitors are covered with green-colored corrugated plastic panels. For ventilation, a 20-ft section containing louvers is provided in each 100 ft of monitor.

The operating-office portion of the facility is constructed of concrete blocks. Included, in addition to the checking room, are offices for the foremen and clerks, a repair shop for platform trucks, building maintenance shop, warm and bonded freight rooms and cooperage shop. Located under the operating offices are locker and lunchroom areas.

All of the offices have suspended ceilings faced with acoustical tile and an asphalt tile wearing surface on the floors. The interior surfaces of the concrete blocks are painted.

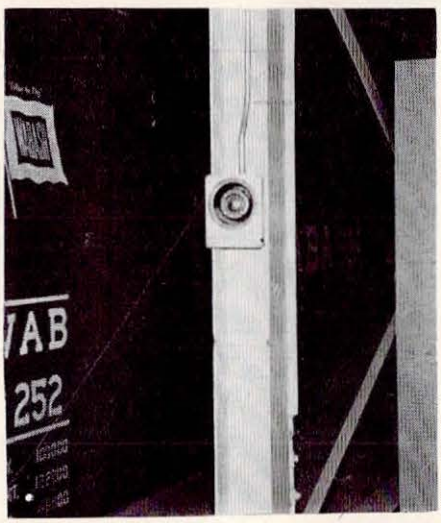
Trailer Parking Lot

Concrete driveways extend around the entire perimeter of the structures, including the 100-ft wide area between the two houses. A parking lot for trailers is located at the southwest corner of the site.

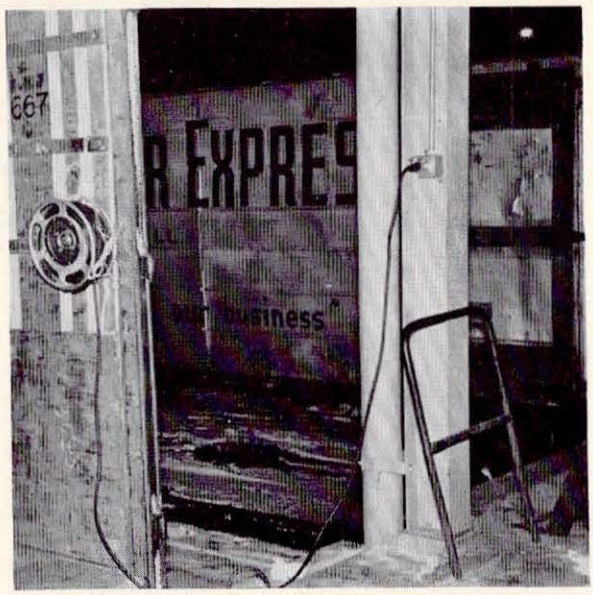
Fluorescent lighting is installed throughout all office areas. Track and platform lighting utilizes mercury vapor and incandescent lighting fixtures. In-the-box-car lighting is accomplished by the use of pull down and retractible loading lights. To light the interiors of trailers sealed-beam spot lights are directed into the openings. These are augmented by conventional extension-cord lights. Mercury-vapor lights provide the lighting for all driveways and outside track areas.

SWITCHBOARD, with a capacity of 250 lines, handles the checking system, paging speakers and office intercommunication system. Centralized checking system was furnished and installed by the R. W. Niell Co.

CHECKER'S console is located in each of 20 individual booths in the checking room. Each checker handles up to 5 crews loading or unloading freight.



TALKBACK SPEAKERS are connected to the checker's consoles through the switchboard. There are 60 fixed talkback speakers located throughout the platforms.



PORTABLE talkback speakers can be plugged into the system at outlets located throughout the platforms.

IT HEARD THE FIRST CAR REPORTS

As fast as rails were built across the West, telegraph wires were strung on glass-and-wood insulator brackets, like this weathered veteran now resting in Union Pacific's museum.

In fact, the rails and telegraph systems were built side by side, by Union Pacific. Fast reporting of train movements is part of Union Pacific railroading.

Today's reports flash coast-to-coast on Union Pacific's system of telegraph, interconnected with every U.P. traffic office across the nation. Shipments are tallied and pinpointed as they move along Union Pacific, so that up-to-the-minute reports may be passed along at a moment's notice, to shippers and receivers.

Electronics run the system, with punch-cards and teletype providing written records simultaneously throughout Union Pacific's traffic organization.

It's all for one purpose—to provide you the best in shipping service.

be specific ...ship **Union Pacific RAILROAD**

UNION PACIFIC RAILROAD

OMAHA 2, NEBRASKA

Damage Reducer

UP Slide Rule Helps Plan Loads

Most damage reducing devices fit compactly into freight cars. Union Pacific's newest device fits neatly into the palm of a shipper's hand. It's the "Calc-U-Layer," a slide-rule designed by UP personnel as an aid in planning for box car load heights or numbers of load layers. The railroad is distributing the rule to shippers of canned goods and similarly packaged products.

O. J. Wullstein, UP general agent, thinks the rule "will aid in the proper solution of shipping order problems and thus assure that all applied carloads will be as level throughout the car's length as can be physically attained. Such levelness of load will insure more protection in transit."

The device will give answers to each problem for three types of car—standard refrigerator; 40½-ft box, and 50½-ft box. When cars of other length are furnished for loading, it is necessary only to establish a simple proportion, using the solution obtained on the rule, between the actual car length and a basic car length.

A conversion table on the back of the rule permits expanded use of it. Case sizes not listed may be converted to an equivalent number of a case size scaled on the rule.

UP's "Calc-U-Layer" also can be used on cars stopped for transloading, for completion of loading or for partial unloading and leveling. Solutions given by the rule, UP notes, "will eliminate the so-called step-down method which has been so troublesome in causing damage to portions of shipments moving to intermediate or final destinations."

TRAFFIC PUBLICATIONS

TRINITY INDUSTRIAL DISTRICT DIRECTORY. 46 pages. Industrial Properties Corporation, Dept. RA, 401 Davis bldg., Dallas, Tex.

Lists more than 1,000 companies which now have plants or warehouses in the Trinity Industrial District at Dallas. Major products and principal officers of each company are included.

METHODS OF LEASING MATERIALS HANDLING EQUIPMENT. 4 pages. Lewis-Shepard Products, Inc., Dept. RA,—R8—26, 125 Walnut st., Watertown 72, Mass.

This circular describes three plans for acquisition of materials handling equipment without tieing up working capital. The plans are lease option, straight or true leases, and "power package" leases.

SHIPPING PROBLEMS EVER PUT YOU OVER A BARREL ?

Depend on— B&O Sentinel Service FAST FREIGHT

➔You and your customer need not worry over vital carloads of freight when you route them B&O Sentinel Service! Sentinel cars move on fast, accurate schedules from siding-to-siding and you, as consignor or consignee, *are notified* immediately of any schedule interruptions and reforwardings. Your 'when and where' questions on carload movement are answered *automatically* when you ship by Sentinel Service—no other service matches its proved dependability.

Ask our man!

LINKING 13 GREAT STATES WITH THE NATION B&O

BALTIMORE & OHIO RAILROAD

Constantly *doing things* **— better!**

(*Continued from page 13*)
ing efforts to recapture business, and are doing a splendid job in that direction"[10]; and "the rail program in force and now planned will encourage greater use of rail facilities."[11]

Other respondents feel the railroads will benefit, in 1959, from special rate reductions and from new services, with Plan 3 piggyback (trailer-on-flat-car transportation of shipper-owned private trailers) drawing several special mentions. One answer combined both of these factors, in mentioning "reduced rail rates for many box car movements, and superior TOFC service to certain areas."[12]

Other answers indicate a high degree of shipper interest in Plan 3 piggyback. One "anticipates a larger rail volume through utilization of Plan 3 rates."[13] Another thinks that "if the Plan 3 concept of rate-making is upheld, there will be an appreciable diversion to Plan 3 rail operation of tonnage formerly moved in truckload quantities."[14] A third says: "With the promotion of piggyback service the possibilities [for more rail tonnage] are unlimited."[15] Piggyback gets favorable mention in still another answer, which cites also "the advantages that should develop in favor of the railroads as a result of the passage of the Transportation Act of 1958."[16]

Other reasons for optimism as to 1959 rail traffic were the "increased importance of reducing transportation costs, due to industrial competition"[17]; and the fact that, in 1958, "heavy industry . . . was operating on shorter inventory, demanding quicker movement via truck, and ordering more often in smaller quantities."[18] There also were factors pertinent to particular companies. One, for example, is opening in 1959 "additional units scheduled for movement in rail service."[19]

Rail Traffic—Down

Among those respondents who expect rail traffic to decline in the face of better general business and larger total shipments, LCL service came in for special criticism. "Customers," one man commented, "are always in a hurry, so we have to ship by truck."[20] Another expects no rail traffic volume increase, because "LCL service is not improving."[21] A third points out that "99.9 per cent" of his company's shipments are small lots, which "receive very poor handling in LCL service."

LCL was not the only basis of complaint. "Rail carriers," said one man, "are not acting fast enough to make themselves competitive costwise with other modes of transportation."[22] Others, who ask not to be quoted by name, say: "Rail rates and minimum carload weights are higher than truck, and time in transit is greater"; "we must have the fastest delivery possible; rail service does not compare with competition"; and "for our products, carriers other than rail will serve us better."

One reply suggests that "most of the erosion from rail to truck has already occurred." Thus, "rail traffic in 1959 should be greater than in 1958, though it could be considerably greater if improvements were made in service, and rates were adjusted below truck to compensate for service and other rail disadvantages." And another questions whether the "recession" is "really over until railroad traffic rebounds. Until the railroads are sound, or at least heading towards normal, we are all still in trouble."[23]

Railroading After Hours with Jim Lyne

ONE MAN TO A CAB—I was talking to a railroad supplier the other day who just returned from Germany. He reported that, while dropping the third man from diesel cabs is still under discussion in this country, in Germany they are quite a way along with eliminating the second man. That is, they are running trains with one man in the cab. In preparation, however, they have developed a pretty careful automatic train control device, which cannot be forestalled.

BRITISH RAILWAY TERMS—Al Smith, chief clerk in the freight traffic department of the Burlington at Denver, has sent along a few British railway terms. For instance (British terms in parentheses): engineer (driver); to switch (to shunt); coach (carriage); conductor (guard); caboose (guard's van); freight train (goods train). Having been born and raised in Britain, and now being a US railroader, Mr. Smith has had a complete exposure to both vocabularies.

My own experience has been that the difference in terms, while almost 100%, still doesn't prevent easy understanding. The only exception arises where the same word is used in both countries, but with different meanings. For example, what the British call a wagon is not a highway vehicle, but a railway car. And a sleeper means one thing here and something not at all similar in Great Britain.

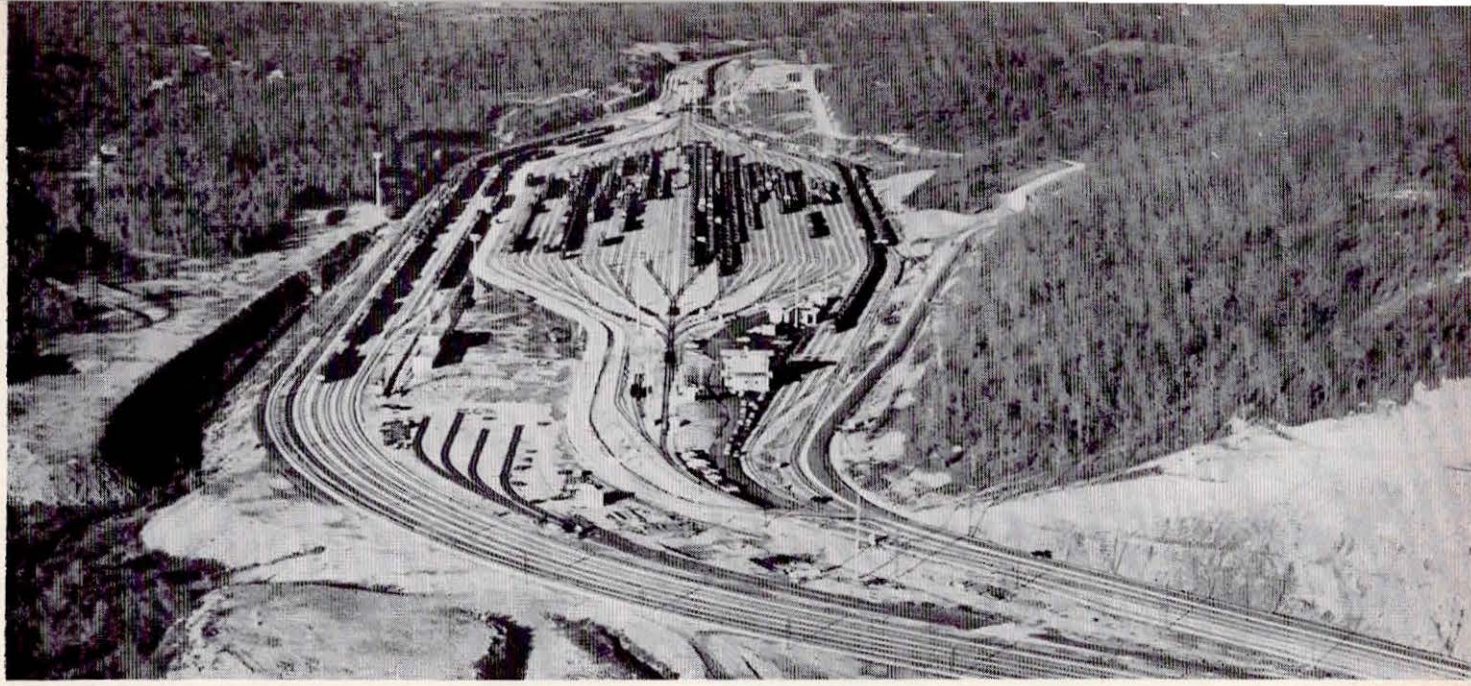
CASH FARE ACCOUNTING—One of the standard railway stories is the one about the handling of cash fares in the old days—before accounting checks were developed. W. F. Peck, supervisor of air brakes of the B&O, tells the story this way:

"Uncle Will Jarvis was a passenger conductor in Illinois around the turn of the century. In those days, the car discharge valve cord (known as the bell rope) was suspended from the center of the roof and extended the length of the car.

"There were lots of cash fares, since the locals would stop almost anywhere to pick up passengers. There were no cash fare receipts. Uncle Will used to say (not seriously, I'm sure) that at the end of the run, he would empty his pockets, throw the money up into the air, and any that hung on the bell cord he would turn in to the company."

"RAILROADESE" AS IT WAS—This seems to be the Burlington traffic department's week for this corner. I have a letter from H. L. Ford, freight traffic manager, enclosing the classic accident report by a boomer brakeman:

"We just pulled the drag off the main stem onto the two streaks of rust but she hung over. The hoghead was down on the ground greasin' the pig, and the tallowpot was up crackin' diamonds. The con was in the dog house flippin' his tissues and the hind shack was cooling a red hub when he should a been out tryin' to put 15 sticks between him and the drag. I was up ahead bendin' the rails when the streak of varnish and plate glass come around the bend. The eagle eye seen us and throwed her in the big hole and give her two streams of seashore, but he'd been poundin' her on the back and they slid into us."



NEW BOYLES YARD on the Louisville & Nashville cost $12,000,000. Averaging 3,500 cars classified every 24 hours, the yard can handle up to a 4,200-car peak. Located three miles from Birmingham, Ala., the yard is on L&N mainline.

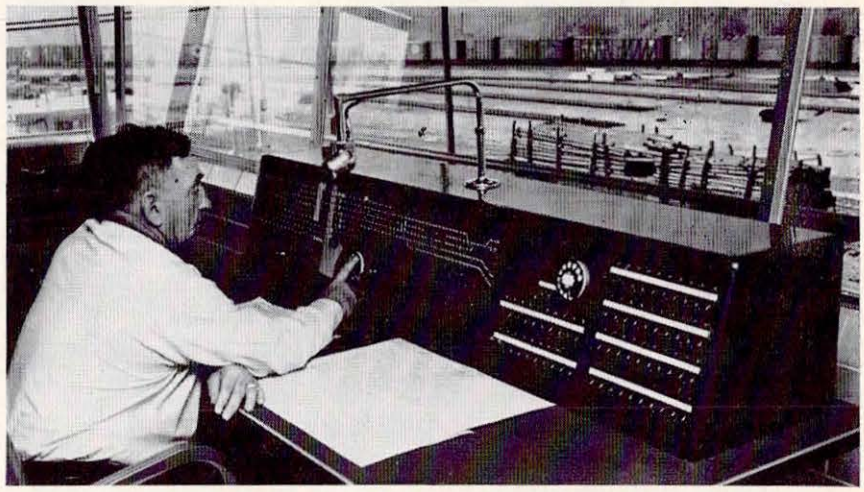
L&N's New Yard Aids Shippers

Last Tuesday, President John E. Tilford officially opened Boyles yard, near Birmingham, Ala. The Louisville & Nashville's newest automatic retarder classification yard is the latest facility in the road's $1 billion postwar improvement program.

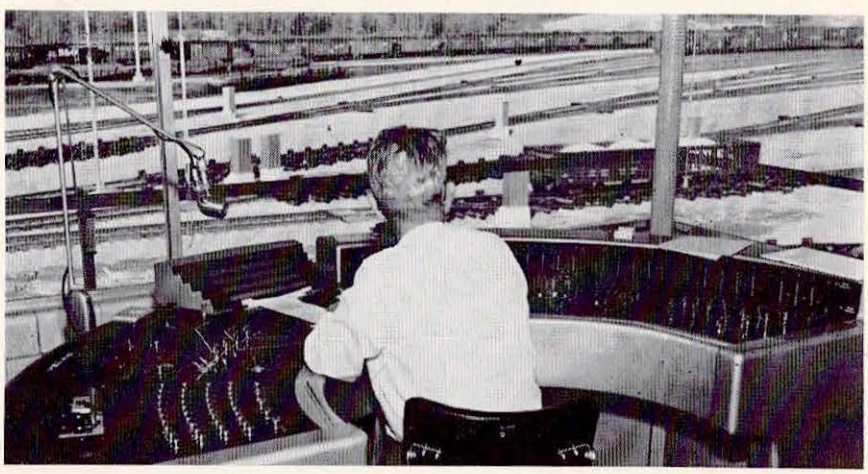
One of the new signal features is an automatic route system by which the yardmaster can dial a route through the receiving yard to the hump leads. The switches are lined and the yard switch indicators are cleared for an engine to push the train toward the hump. Once the route is set up, the yardmaster presses a button that enables the hump engine to receive cab signals for directing its movement. Cab signal control is then transferred to the hump foreman, who directs the actual humping operations.

Routes for the cuts to the class tracks are lined by automatic switching equipment actuated by the punched tape switch list. Automatic retarder controls assure that each car or cut is controlled to the proper speed for safe coupling.

Communications include two-way radio, automatic telephones, Teletype, loudspeaker systems and pneumatic tubes. Television is used at two locations to check inbound freight trains. A clerk watches the TV screen, and records car initials and numbers. The latest pocket radio transmitter (2 lb) and separate pocket receiver (12 oz) is carried by each car inspector to communicate with each other and the car foreman.



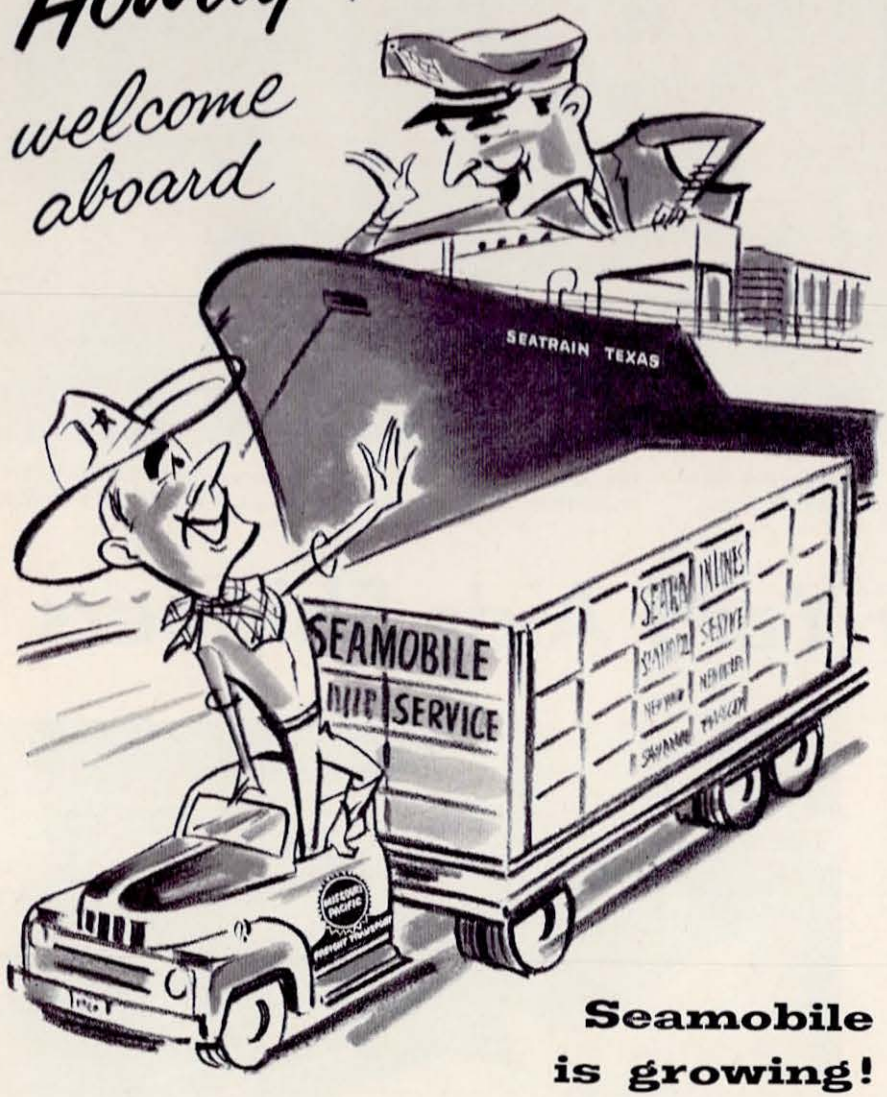
YARDMASTER DIALS ROUTE (switches lined and indicators cleared) for directing an engine pushing a train through receiving yard to hump.



OPERATOR MONITORS automatic retardation of cars as they are sorted in the 40-track classification yard. Automatic switching routes the cars.

Howdy Podnuh!

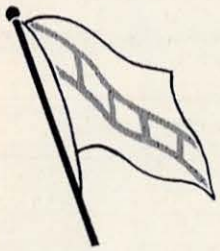
welcome aboard



Seamobile is growing!

SEATRAIN has now joined hands with the Missouri Pacific Freight Transport Company (a subsidiary of Missouri Pacific Lines) to bring SEAMOBILE service to an expanded port area in Texas.

All of the customers of the Missouri Pacific Freight Transport Company in the Galveston Bay area, including Freeport, Baytown and Velasco, as well as their customers in the port areas of Texas City and Houston, can now enjoy the flexibility of our truck-water-truck container service.



Dependable, consistent six day service between ports of New York and Texas City with sailings every Tuesday and Thursday in each direction.

SEAMOBILE

SEATRAIN LINES *Inc.*

Offices in Boston · Savannah
New Orleans · Houston · Dallas

711 Third Ave., New York 17, N.Y.

Shippers' Guide

Atchison, Topeka & Santa Fe

. . . Transcontinental Schedule

Expedited westbound transcontinental freight schedule (RA, Dec. 22, 1958, p. 43) provides delivery third following morning after departure in Los Angeles and San Francisco Bay area for merchandise and piggyback traffic, fresh meat and packing house products from Chicago and other Illinois junction points. Schedule calls for forenoon departure from Chicago and late evening arrival at California destinations.

Atlantic Coast Line

. . . Freight Schedules

Has issued a new compilation of condensed freight schedules. Copies are available from J. J. Peacock, general superintendent transportation, or J. L. Wells, assistant freight traffic manager, Wilmington, N. C.

Baltimore & Ohio

. . . Increases Piggyback Fleet

With inauguration of Plan 3 piggyback (rail transportation of shipper-owned trailers), the B&O has increased its trailer and flat car equipment. It has acquired 55 additional cars, 75 ft 8 in. and 85 ft in length, to bring its total piggyback car fleet to 198 units. Its trailer fleet totals 251 units, including 24-ft, 33-ft and 35-ft closed vans; 33-ft flat-beds; and 24-ft and 35-ft refrigerated trailers.

Chesapeake & Ohio

. . . Car Lines

Has established direct LCL car lines from Grand Rapids, Mich., to Toledo, Ohio (Nickel Plate), and from Ashland, Ky., to Cleveland (New York Central). Has discontinued direct car from Ashland to Toledo (NYC).

Colorado & Southern

. . . Freight Schedules

Has issued a new compilation of freight schedules. Southbound, new schedules provide "far better over-the-road service" on Pacific Northwest and California traffic, and "assure better connections," particularly at important interline points, such as Denver, Pueblo, Fort Worth and Dallas. Northbound schedules show no major changes from those previously in effect.

Illinois Central

. . . Transcontinental Schedules

In connection with expedited transcontinental services recently inaugurated by a number of western roads

(RA, Dec. 22, 1958, p. 43), the IC has revised and improved schedule of its dispatch freight train CC-1, from Chicago to Council Bluffs. CC-1 now leaves downtown Chicago daily before noon, arriving Council Bluffs 10:15 p. m. same day for Union Pacific connection providing West Coast placement on third morning from day of Chicago departure.

IC schedules northbound from Birmingham, Memphis, New Orleans and St. Louis have been coordinated to connect with new CC-1, providing improved and expedited service from southern points to West Coast.

Louisville & Nashville

. . . Freight Schedules

Has issued new condensed freight schedules, available from E. C. Patton, assistant general traffic manager, Louisville, Ky. Principal changes are between Cincinnati, Louisville, Owensboro, Evansville and St. Louis; between Cincinnati, Louisville, East St. Louis, Evansville and Memphis; and between Augusta, Atlanta, Montgomery, Mobile and New Orleans.

New York Central

. . . Car Lines

Has established new LCL car lines, as follows: Worcester, Mass., to Chicago; Gibson Transfer, Ind., to St. Paul, Minn. (Great Northern-Burlington joint freighthouse); and Syracuse, N. Y., to Spencer Transfer, N. C. Car last listed is routed via Newberry Junction, Pa.-PRR-Potomac Yard-Southern, and takes all LCL freight for Southern Railway destinations originating on NYC at or east of Syracuse.

Has cancelled LCL car lines, as follows: Chicago-Paris, Ill.; New York-Jackson, Mich.; and Utica, N. Y.-Albany. Has cancelled refrigerator car lines from Chicago to Erie, Pa., and Detroit.

New Haven

. . . Freight Schedules

Has issued a new compilation of freight train and package car schedules, available from F. S. Leddy, freight traffic manager—service, New Haven, Conn.

Northern Pacific

. . . New Freight Train

Has added a new freight train, No. 604, from Billings, Mont., to Minneapolis-St. Paul, to speed up intermediate service between those points. The new train supplements a stepped-up transcontinental schedule inaugurated last fall, which cut operating time from the North Pacific Coast to the Twin Cities, Chicago and the East by a full day. No. 604 operates daily from Laurel yard (Billings), to Northtown (Minneapolis) in 32 hours, with stops at Miles City and Glendive, Mont., and Dickinson, Mandan and Jamestown, N. D. Its fast schedule permits livestock shipments from Laural to Twin Cities without a feeding stop.

Wabash

. . . Transcontinental Schedules

In connection with expedited transcontinental freight schedules recently announced by a number of western roads (RA, Dec. 22, 1958, p. 43), Wabash has rescheduled its Train No. 97 to leave St. Louis 8 p.m. and arrive Kansas City 3:30 a.m. for connection with Union Pacific train leaving 5:30 a.m. The new schedule provides 6 a.m. third-morning arrival in Los Angeles via Wabash-UP, and same arrival in San Francisco via Wabash-UP-SP.

People in the News

AKRON, CANTON & YOUNGSTOWN.—Robert J. McMillan appointed district traffic manager, Detroit.

BUREAU OF TRANSPORTATION, POST OFFICE DEPARTMENT.—Ralph W. Wheeler, appointed deputy assistant postmaster general (rail and highway transportation), Washington, D.C. Mr. Wheeler was formerly distribution and traffic manager for the Post Office Department at San Francisco.

LEHIGH VALLEY.—B. J. Viviano elected vice president—traffic, effective Jan. 1, succeeding **A. C. McIntyre,** who has retired but will continue in a consulting capacity.

Henry Martens, Jr., general western passenger agent, Buffalo, retired Jan. 1 and his duties will be assumed by **P. B. Carroll,** district passenger agent.

LOUISIANA MIDLAND.—J. W. Mitchell, traffic manager, Jena, La., retired Dec. 15 due to ill health.

MILWAUKEE.—The Portland, Ore., freight and passenger office is now located in the Executive Building, 811 S. W. 6th Ave., Portland.

H. J. McKenna appointed freight traffic manager, rates and divisions, Chicago, to succeed **R. E. Hibbard,** named assistant general freight traffic manager, rates and divisions. Mr. McKenna was formerly freight traffic manager, rates and divisions, Soo Line.

S. W. Amour, assistant supervisor of wage schedules, appointed assistant to vice president-personnel, Chicago, to succeed **C. P. Downing,** retired.

SOUTHERN PACIFIC.—J. M. Hatcher appointed general superintendent of transportation, San Francisco, to replace **C. H. Grant,** retired (RA, Dec. 15, 1958, p. 50). **J. P. Griffin** named superintendent of transportation, San Francisco.

M. S. Vogel, general agent, Cleveland, transferred to Chicago, succeeding **J. J. Kane,** who retired Dec. 31, 1958.

Industrial Traffic

Robert Ricker, traffic manager of the Independent Nail & Packing Company, has been appointed assistant to general manager—traffic, **The Stanley Works,** New Britain, Conn., Mr. Ricker will be in full charge of transportation research.

Arthur Stavinga, assistant traffic manager, **General American Transportation Corporation,** Chicago, has been promoted to traffic manager, succeeding **Harry J. Birmingham,** retired. **Harold J. Carls** has been promoted to assistant traffic manager.

Kenneth J. Sutherell, general traffic manager of the **Sherwin-Williams Company,** Cleveland, Ohio, has been named general manager of traffic, succeeding **John B. Sanford,** retired. **Earl W. Mowery** has been appointed assistant general manager of traffic.

Chester C. Loving, assistant railway traffic manager for **Ashland Oil & Refining Company,** Ashland, Ky., has been named railway traffic manager, succeeding **W. B. Meacham,** who has resigned to accept an executive position with Mallory Stores, Inc. **Samuel C. Dinsmore,** vice president of National Refining Company, a subsidiary of Ashland Oil & Refining Company, has relinquished direct management of the National Railway Sales division to **Phillip F. Swift,** manager of the department at Chicago. Mr. Dinsmore will be active consultant to this division.

Otto C. Thaisz, assistant traffic manager of **Congoleum-Nairn Inc.,** Kearny, N. J., has been promoted to traffic manager, replacing the late **Frank P. Smiley. Dominick B. Piantoni,** assistant traffic manager in the Sloane-Delaware division, has been named assistant traffic manager of the corporation.

Charles H. Sturgeon, former traffic manager of the Square D Company, Milwaukee, Wis., has been named general traffic manager of the **B. F. Goodrich Company,** Akron, Ohio, succeeding **Kermit R. Sadler,** retired.

Carl F. Zeman has been appointed traffic manager of the **Kelvinator** Grand Rapids, Mich., plant. Mr. Zeman was formerly traffic manager of Kelvinator's Peoria home laundry manufacturing subsidiary, Altofer Brothers Company.

T. R. Atchison, general traffic manager of the **Ralston Purina Company,** St. Louis, Mo., has been appointed to the newly created position of director of transportation. **H. N. Johnson,** assistant general traffic manager, succeeds Mr. Grant as general traffic manager.

Arnold Walter has been promoted to traffic manager of the **Moorman Manufacturing Company,** Quincy, Ill., succeeding the late **Fred C. Herchenroder.**

Edgar A. Fero has been promoted to traffic manager of the **Behr-Manning Company,** Troy, N.Y.

Donald L. Hamm, supervisor of the Distribution Division of **Lever Brothers,** New York, has been appointed traffic services manager at the Hammond, Ind., Plant. Mr. Hamm succeeds **Donald A. Orr,** who has been appointed rate analysis supervisor, New York.

Norbert B. Flick has terminated 17 years service with the New York Central System as chief rate clerk, general freight department, Cincinnati, Ohio, and is now associated with **The Service Bureau Company,** traffic and transportation specialists, in that city.

"I regret to say that there has been nothing done on Resolution 303 . . .

. . . I hope that very shortly the problem will be turned back to me . . .

. . . and that I can then start moving on it."

SENATOR SMATHERS LOOKS AHEAD—AND BACK

(*Continued from page 9*)

think we should try to avoid if at all possible—the government operating the railroads.

Q. You have urged an investigation of the airline labor situation in the wake of recent strikes. Senator Holland of Florida has introduced a bill to require compulsory arbitration in airline disputes. Would you not include the railroad industry in investigations or legislation of this type?

A. I would think this, on the whole problem of strikes in what we consider essential service industries such as the airline industry and the railway industry: I think we must take a new look at that problem of strikes in that industry in relationship to new developments. Now, this country can't get along without transportation. We had in the Railway Labor Act up until a few years ago the provision where the President, when he thought it was a sufficient emergency, could take over the railroads. And President Truman, you will recall, tried to do it. As a matter of fact he did do it on one occasion and failed it on another occasion. However, that provision was dropped out of the Railway Labor Act, under which both the railroads and the airlines operate. I think that the Congress must give serious consideration to, if not putting that back in, at least working out a procedure which would permit the public to still get the use of continuing transportation while these disputes and these arguments are being settled. I don't think it's correct that the general public should have to pay the price, and they're the ones that are having to pick up the tab for all of this. I don't think it's just right that they should have to suffer while, for example, there may be a dispute between the stewardesses on the airlines and the flight engineers. It's too big a cost to have to pay, and I believe that we can work out a sensible solution to it. Now Senator Holland has introduced this bill. I don't know whether it should be compulsory arbitration. I think the way to handle it—the better way to handle it—would be like we did with our railroad bill last year: to first have hearings and let everybody come in and have his day in court so to speak. Let them express views as to what they think should be done, if anything, and from those hearings try to glean some ideas as to the best way to proceed. And then, after everybody's had his day in court, let's see if we cannot evolve some procedure which will permit the public to have the benefit of transportation even though a dispute might be going on between the various unions in that transportation.

Q. Senator, one thing that a lot of railroad men have been talking up lately is this business of fast tax write-offs on new equipment. They point to the airlines: They're able to write off their equipment quickly. Do you see any hope that we can get back to a fast tax write-off depreciation?

A. I believe that there's hope in that field, yes. I'm on the Finance and Taxation Committee and I recall that last year we had that particular problem up. I think that those methods actually are the best ones at the moment by which we can help railroads. I think it's in the field of taxes, in the field of finances, that is where the federal government—I'm not talking about loans now, I think we've gone about as far in that field as we can go. But I think that, for example, a railroad car has a depreciable life extending over something like 30 years, when the truth of the matter is that after 10 years it ceases being really a very useful medium of transportation. And it would be so much more helpful if it could be turned in for scrap and if a new one could be purchased and depreciated over a period of 10 years. Why, then you would see old cars being turned in and new ones bought. It not only would help our industry, the steel industry and all that that implies, but I think you would provide for a more up-to-date transportation system. And I think that's really the angle we must approach the problems of the railroads on in this coming year.

Q. Senator Smathers, can you brief us on the current status of the S. 303 investigation?

A. Well, I regret to say that there has been nothing done on the Resolution 303. Last year at our last session we—Senator Magnuson, who is the chairman of the full committee, and Senator Bricker, who was then the ranking Republican member on the full committee—they decided that they were going to take this study over and sort of run it themselves. It was perfectly agreeable with me and I'm delighted that they did, but since then Bricker's been defeated and Magnuson has been busy, with the result that nothing has come of it. Now I hope that very shortly, possibly at our organizational meeting of the Interstate and Foreign Commerce Committee which should occur either this coming week or the week following, that that problem will be turned back to me and that I can then start moving on it.

Q. Do you think the delay in setting up the machinery for this study is going to affect possible transportation legislation in this session?

A. I think there's no doubt about it. I think that if we had already had the advantage of the six or seven months' study on some of these problems—user charges and coordination problems and things of that nature—we would be

just seven months further along. It's very difficult to proceed when you have nothing in front of you to proceed on except a problem. But we would already have had the benefit of a lot of suggestions and possibly the staff by this time would have made a recommendation to us. But, of course, the time has been lost and so we have to start over.

Q. Let's go to your reaction to what has happened since the passage of the Transportation Act of 1958. The Interstate Commerce Commission has on several occasions suspended proposed railroad rates which might be construed as making use of the privileges granted to the railroads in the act. Do you think the Commission has followed the intent of the act?

A. Well, to be perfectly candid about it I haven't followed those decisions at all. You're in a field now that I don't know too much about. Naturally, I would hope that the Commission, and I believe that the Commission, is going to try to follow the intent of the Congress. They were over, as you know, at all of our hearings. They testified. They had someone there every day that witnesses were on the stand and I think they got fully the intent. I have not read their opinions so I am in no position to say whether or not they are following it.

Q. Do you think that the railroads themselves have followed the intent of the Congress and of the act in their activities since the passage of the act?

A. The thing that I have observed that I think they have taken advantage of—I've seen a number of requests by railroads to reduce their rates and I actually believe that that was one of the purposes of our legislation: to enable a mode of transportation which could actually lower its rate and still do a profitable business to let the public have the benefit of that lower rate, rather than to hold all the rates up at fictitious levels where the general public had to pay even though, in fact, one mode of transportation could have carried for profit at a lower rate. I think that what we tried to do is to give an inherent—what do we call it, the inherent advantage of one mode over another?—to let that operate. I think the railroads have endeavored to take advantage of that.

Q. In the field of government-guaranteed loans, there have been what, three applications filed by eastern railroads?

A. I think three, yes.

Q. Had you expected more?

A. No. We knew when we passed that particular provision that the only roads that would try to take advantage of it were the eastern railroads, because actually the western railroads and the southern railroads are doing very well. They're not doing as well as some other businesses, but they're not hurting badly. I think that's because you see the South and the West growing very rapidly and you see that those railroads in this area here right around Chicago and the South and the West, they're carrying more freight than passengers and that's always more profitable. The eastern railroads were built on the premise of carrying a lot of passengers and now they don't have those passengers.

Q. On the matter of passenger train abandonments. Do you think that the railroads have followed the intent or done what you expected them to do along that line?

A. On that particular score, I think they have probably done a little more than we expected them to do. I don't think anybody expected them to just give up passenger service completely. And I'm afraid that some of them have begun to try to do that. Again, I think that the railroads have some obligation to serve the general public. Now if they don't run as many passenger trains as they used to do, if they only run them on Tuesdays, Thursdays and Saturdays, that's again a matter of discretion with them, but I don't believe they should just try to discontinue passenger service completely . . .

Q. But these railroads who have been abandoning trains have done so in the name of their inability to make them pay.

A. Well, there are a lot of reasons why they don't pay and we could get into that debate which would last all day. I think probably operating them more efficiently, operating them in less numbers, working out a better dining car arrangement, two or three things might make them pay.

Q. Let me ask one more question, Senator. You remarked in June of 1958 that if the Transportation Act were passed the railroads should get to work and stop complaining. In your opinion have they done so?

A. I think they have. I think they have. I think the railroads are making an excellent start. I really do. I'm personally encouraged by the things they're doing.

'A Firm Foundation'

Sen. George A. Smathers, as chairman of the Subcommittee on Surface Transportation of the Senate Interstate and Foreign Commerce Committee in the 85th Congress, championed the first large-scale revision of federal transport laws in more than a decade.

For his efforts, he was awarded the first Seley Transportation Award —a medal and $2,000 to go to the college of his choice. He got the check at a Transportation Association of America meeting in Chicago Jan. 14, but not the medal. It had been stolen from a TAA staff member at Chicago Midway Airport. A duplicate medal, ordered at the last minute, was put aboard a plane which couldn't land in Chicago because of fog.

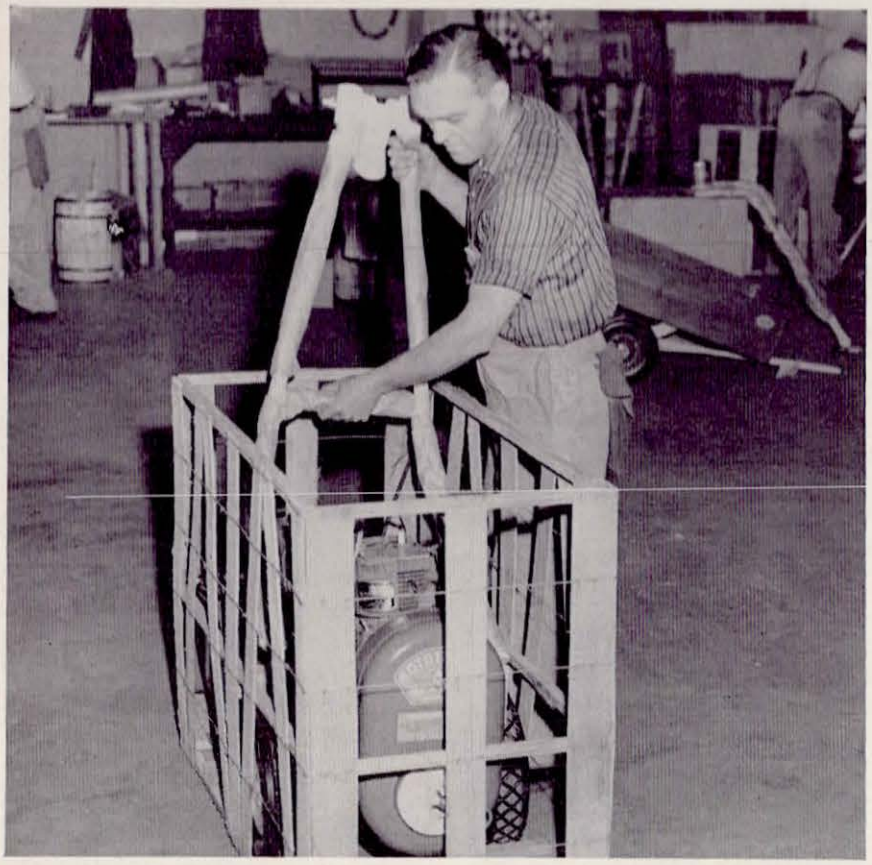
The senator himself had air transportation difficulties because of fog. But he arrived in time to tell TAA's National Transportation Institute that "the Transportation Act of 1958 provides a firm foundation on which we can build a bright future. But Congress cannot legislate attitudes any more than it can abolish bad judgment." He also commented on:

MERGERS: "We must encourage railroad mergers and consolidations —634 separate and competing railroads, using outmoded practices and with pointless duplications, can no longer meet the challenge of the times."

COORDINATION: "If the transportation industry can prove on its own that it can operate efficiently and effectively for the public interest, there will be little Congressional resistance to removal of restrictions on coordinated operations."

RACE WITH RUSSIA: "The next five to 10 years will tell whether the future lies before us or whether we have run out our time even in this growing generation. We are running neck and neck with possible catastrophe. Regulated carriers are the backbone of our transportation system. Transportation is the veins and arteries of our economy."

Ideas For Better Shipping



OPEN CRATE, weighing only 44 lb, permits easy inspection of assembled Rototiller weighing from 300 to 330 lb.

INGOTS ARE STACKED to interlock, and then bound with Acme printed steel strapping. Note use of ingots as legs for the unit.

Open Crates Reveal 'Hidden Damage'

Danger of delivering goods with "hidden damage" has been eliminated by Rototiller, Inc., Troy, N. Y., by use of open wirebound crates. Such crates permit full inspection of Rototiller machines without unpacking. Any possible damage, otherwise concealed, can be discovered before the customer unpacks the crate.

A Model 23 Rototiller weighs from 300 to 330 lb, depending on its engine. Its wirebound open crate weighs only 44 lb, which helps to keep freight charges as low as is consistent with thorough protective packaging.

Self-Contained Ingot Units Are Easier to Ship

Compact, stable, easy-to-handle shipping units of aluminum and zinc ingots have been developed at the McGowan Company, Ontario, Cal.

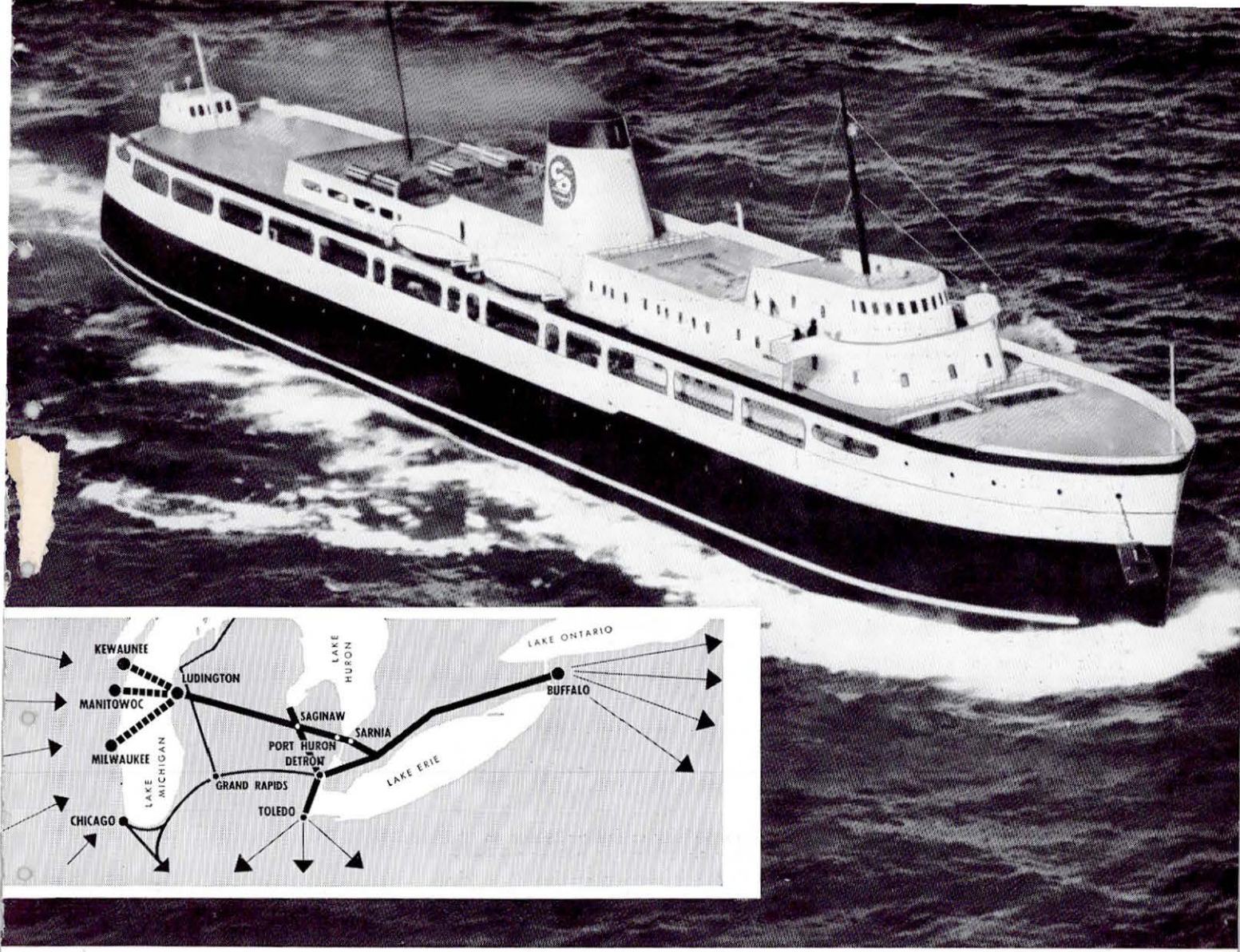
Printed steel strapping and a lightweight strapping tool are the only materials required. The result is convenient, self-contained packages which also offer "strapped in" merchandising value.

The packaging methods were developed by McGowan packagers with the help of Acme Steel Company, of Chicago, manufacturer of the strapping, strapping tools and accessories which are used.

Packaging begins with stacking. Aluminum ingots are stacked in 14 layers of seven ingots per layer. Layers are placed at right angles to one another, so they interlock into a compact stack. Other ingots positioned at the bottom of each stack form self-contained legs, permitting easy access for lift-truck forks. Two straps, fed from coils in a portable reel stand, are placed around the length of each unit beneath the ingot legs at the bottom. Two more go around the girth of each stack.

For zinc, a special four-leg base is cast at the same time the regular ingots are poured. This forms a platform for stacking nine layers of 15 ingots each in an interlocking arrangement. Each unit thus contains 135 ingots, weighing 1,250 lb.

The new method saves the $3.50 cost of a wood pallet with each unit shipped. Also, it eliminates the problem of pallet inventory and storage.



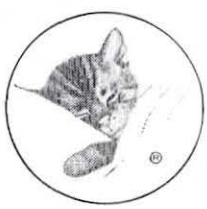
"Your car is crossing Lake Michigan right now"

When business is picking up and inventories are going down, it becomes very important to keep close tab on incoming materials. There's a paper mill in Northern Pennsylvania where this is a real problem because much of its woodpulp comes all the way from Oregon. The Traffic Manager always routes these shipments by Chesapeake and Ohio, for two reasons:

A glance at the map will show you that the most direct route from the Pacific Northwest to most points in the Northeast is via C&O's Lake Michigan Trainferry. C&O Trainferries provide dependable "short cut" service the year round.

The second reason is that promptly on receipt of the cars by C&O, information about them is teletyped to CLIC (Car Location Information Center). CLIC speeds on the message by teletype to the C&O Traffic Office concerned – in this case Philadelphia, and the information is quickly available for the Traffic Manager of the paper mill. Before the shipment is half way across Lake Michigan, the mill knows when to expect its arrival and can plan its production schedules accordingly. On this particular shipment, the same information is teletyped to C&O's traffic office in Portland, Oregon for immediate relay to the shipper.

Chesapeake and Ohio's unique system-wide, all-teletype car reporting service is proving helpful to many shippers in many different ways. Is your Traffic Department making full use of it?



Would you like a copy of a booklet describing CLIC? Just write:

Chesapeake and Ohio Railway

3800 TERMINAL TOWER, CLEVELAND 1, OHIO

SHIP C & O . . . AND WATCH IT GO!

"If you want work well done, select a busy man— the other kind has no time."

– Elbert Hubbard

The Norfolk and Western is a busy railroad, but its equipment and facilities and every service it provides are geared to handle a large volume of freight efficiently and dependably.

It is significant to shippers that the N&W has more rolling stock per mile of track than any other Class I railroad in the nation. Car availability, heavy-duty roadbed and track engineered for maximum speed and safety, a growing fleet of modern diesel locomotives, streamlined yard facilities and procedures designed to hurry trains through terminals — all are evidence of the N&W's ability and determination to provide the finest railway plant that money can buy.

These and other extensive physical assets — plus precision teamwork by experienced railroaders all along the line — assure you of real shipping satisfaction when you mark your freight "Via N&W."

N&W freight traffic Sales and Service representatives are located in 39 key cities of the U. S. A phone call will bring one of these "busy" men to your office any time with dependable shipping advice and information. There's no obligation.

Norfolk and Western Railway

PRECISION TRANSPORTATION

MARKET OUTLOOK *at a glance*

Carloadings Rise 6.6% Above Previous Week's

Loadings of revenue freight in the week ended Jan. 17 totaled 586,254 cars, the Association of American Railroads announced on Jan. 22. This was an increase of 36,164 cars, or 6.6%, compared with the previous week; an increase of 13,368 cars, or 2.3%, compared with the corresponding week last year; and a decrease of 71,015 cars, or 10.1%, compared with the equivalent 1957 week.

Loadings of revenue freight for the week ended January 10 totaled 550,090 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CAR LOADINGS
For the week ended Saturday, January 10

District	1959	1958	1957
Eastern	86,093	87,158	112,236
Allegheny	97,231	101,326	135,136
Pocahontas	46,652	48,613	60,566
Southern	107,025	110,233	128,333
Northwestern	62,219	66,750	74,919
Central Western	106,625	109,290	114,579
Southwestern	44,245	46,437	54,997
Total Western Districts	213,089	222,477	244,495
Total All Roads	550,090	569,807	680,766
Commodities:			
Grain and grain products	55,672	56,327	54,208
Livestock	4,873	6,064	6,834
Coal	113,166	123,628	142,704
Coke	8,824	7,191	13,212
Forest Products	33,885	35,884	42,478
Ore	16,510	14,786	21,015
Merchandise l.c.l.	37,872	42,435	51,646
Miscellaneous	279,288	283,492	348,669
January 10	550,090	569,807	680,766
January 3	467,699	472,284	561,201
Cumulative total, 2 weeks	1,017,789	1,042,091	1,241,967
	1958	1957	1956
December 27	431,938	409,598	487,546
December 20	570,927	590,314	698,424
December 13	588,847	603,140	716,652

PIGGYBACK LOADINGS.—U. S. loadings for the week ended Jan. 10 totaled 6,019, compared with 4,458 for the corresponding 1958 week. Loadings for 1959 up to Jan. 10 totaled 10,789 cars, compared with 7,924 for the corresponding 1958 period.

IN CANADA.—Carloadings for the seven-day period ended January 7 totaled 48,428 cars, compared with 81,325 cars for the previous ten-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada:		
January 7, 1959	48,428	21,674
January 7, 1958	50,094	22,838

New Equipment

FREIGHT-TRAIN CARS

► *Burlington.*—Will repair approximately 4,700 freight cars at its Havelock, Neb., shops in 1959. Major part of the $7,500,000 heavy repair program involves complete overhauling of 2,500 box cars.

► *Chicago & North Western.*—Will acquire 200 freight cars as part of its 1959 capital expenditures. Pacific Car & Foundry will build 50 50-ft insulated box cars and 50 40-ft insulated box cars. ACF will build 50 70-ton covered hopper cars (RA Dec. 15, 1958, p. 47). North Western also will buy from General American 50 70-ton Airslide covered hoppers previously under lease. The box cars will be delivered in February and March; the new hoppers are expected this month.

► *Pittsburgh & Lake Erie.*—Has ordered 500 self-clearing, 70-ton steel hopper cars from Despatch Shops in Rochester, N.Y. Cost: $4,000,000. Delivery: first half of 1959.

LOCOMOTIVES

► *Milwaukee.*—Ordered 52 1,750-hp GP-9 road switchers from Electro-Motive Division of General Motors at a total cost of more than $8,500,000. Delivery is scheduled for March through July. The GP-9s will replace a like number of 1941-1945 vintage FT units, which will be turned back to EMD on a sale-and-purchase arrangement.

Orders and Deliveries

FREIGHT-TRAIN CARS

► *Orders Decrease.*—Orders were placed in December for 3,830 new freight cars, compared with 6,295 in November. Freight cars ordered in December 1957 totaled 3,443. Deliveries in December totaled 2,621 freight cars compared with 1,803 in November and 6,174 in December 1957. The backlog of cars on order and undelivered as of Jan. 1, 1959, totaled 27,596, compared with 27,962 on Dec. 1 and 55,941 a year ago.

TYPE	ORDERED December, 1958	DELIVERED December, 1958	UNDELIVERED January 1, 1959
Box—Plain	1,702	791	8,703
Box—Auto	0	0	500
Flat	196	440	2,136
Gondola	50	437	2,703
Hopper	800	366	11,006
Cov. Hopper	379	197	543
Refrigerator	500	138	1,085
Stock	0	0	0
Tank	142	244	768
Caboose	20	7	75
Other	41	1	77
Total	3,830	2,621	27,596
Car Builders	2,028	1,442	8,404
Railroad Shops	1,802	1,179	19,192

Labor Relations 'Deteriorating'?

What some union leaders call "deterioration" of labor-management relations in the railroad industry is coming in for increasing attention.

It was brought into President H. E. Gilbert's speech at Washington, D. C., during the Brotherhood of Locomotive Firemen and Enginemen's inaugural banquet for "Locomotive Fireman of the Year."

And it was in the mind of Chairman G. E. Leighty of the Railway Labor Executives' Association when he said last week that relations have worsened because management no longer puts top men on negotiating committees but staffs them with negotiators who "don't dare call their souls their own."

Mr. Gilbert complained that labor and management representatives "can't even get together on the appointment of a committee to study rail safety . . . The lack of cooperation," he added, "is not confined to safety. It has brought serious problems to other phases of labor-management relations. In fact, the spirit of cooperation is virtually non-existent, and we find ourselves at odds on many occasions."

Mr. Leighty's comment was that the "deterioration" has been going on for "a long, long time." He said that carrier conference committees, which negotiate with union representatives, were staffed originally by men of stature who were authoritative advisors to railroad executives.

But now, he said, each of the regional conference committees has only one or two vice presidents among its members. He did not claim that the "downgrading" of conference committees was a deliberate policy. He said it happened gradually, and suggested that it came because there are now "too many men at the heads of railroads who aren't practical."

Mr. Leighty's statement included indications of what RLEA will try to have Congress do about modifying the Transportation Act of 1958's service-abandonment provisions.

RLEA's dissatisfaction with the 1958 Act's service-abandonment provisions has been known for some time (RA, Dec. 22, p. 10). The association's recent action was to instruct its attorneys to draft proposed modifications, so Mr. Leighty did not have details of what will be sought. His responses to reporters' questions, however, indicated that the unions will call for repeal of provisions giving the ICC authority over abandonments of intrastate trains, and elimination of time limits now imposed.

The time limits require that, if the Commission wants to suspend the proposed abandonment of an interstate train, it must do so at least 10 days before the railroad's 30-days notice of abandonment is scheduled to take effect. There is a four-months limit on the suspension period, but the Commission can order the service continued (or restored) for a year if its investigation results in findings that the service is required by public convenience and necessity and will not unduly burden interstate commerce.

Elimination of these time limits would put interstate-service-abandonment cases at the ICC on the same no-timetable basis as cases involving proposed abandonments of an entire line or all operations on a line. Mr. Leighty did indicate, however, that RLEA's proposal might include one time limit—i.e., a requirement that a specified minimum period elapse before a Commission order authorizing an interstate service abandonment could become effective.

The intrastate-service-abandonment provisions, which RLEA would repeal, permit railroads to seek relief at the ICC if state commissions deny their petitions, or fail to act on them within 120 days. "We wouldn't give the railroads a second shot," is what Mr. Leighty said of this.

In other developments:

- Labor won a victory when the National Mediation Board ruled that unions representing non-op employees are not barred, by the currently-effective moratorium agreement, from pressing job-stabilization demands, and that railroads must negotiate with respect to such demands.
- Secretary of Labor Mitchell, at the BLF&E award banquet, expressed some misgivings about adding compulsory-arbitration provisions to the Railway Labor Act. He said he still planned to discuss the act with labor and management representatives from the railroad and airline industries.
- The Brotherhood of Railway Clerks and International Association of Machinists, whose leaders are RLEA members, have gone on record in opposition to the mutual-aid strike pact entered by six major airlines.

The Northwestern Miller

Rail Executives Mull Grain Problems

Grain movement was the subject of a two-hour, off-the-record session at Minneapolis Jan. 13. Philip Paquette, president, Minneapolis Grain Shippers Association, and vice president, Osborne-McMillan Elevator Co., center of head table, presided over the meeting, which was sponsored by his association. Railroad executives, left to right at head table, were Ben W. Heineman, chairman, Chicago & North Western; John M. Budd, president, Great Northern; W. J. Quinn, president, Milwaukee; A. W. Schroeder, president, Minneapolis & St. Louis; R. S. Macfarlane, president, Northern Pacific; and G. A. MacNamara, president, Soo Line. Meeting was the third of four on grain transport.

NEW TRANSPORT STUDY

(Continued from page 10)

the general taxpayers for rising airway expenditures makes it essential that users of the facilities pay a greater share of the cost . . . These increased costs should be includable, along with other airline costs, in determining the rates charged the ultimate users of air transportation."

The proposed increase in highway fuel taxes is designed to maintain the highway trust fund on a self-supporting basis, the President explained. Otherwise the cumulative deficit in the fund would become $2.2 billion by the end of the 1962 fiscal year, he said.

In recommending that railroad retirement taxes be increased, the President emphasized his view that the increase should be "without changing the status of such contributions for federal income tax purposes." That puts him on record in opposition to railroad labor leaders who would make employee payments deductible for income-tax purposes.

The President also recommended, as he has before, that overpayments to the railroad retirement account, under the military-service-credits plan, be transferred to the general social security account. The military-service-credits plan charges the government with the cost of including the time a railroader spent in military service as a factor in calculating his retirement benefits. The overpayments now amount to $350,000,000, the President said.

Presumably these proposals will be before Congressional committees as they consider various bills which have been introduced to liberalize benefit provisions of the Railroad Retirement and Railroad Unemployment Insurance acts. The pending bills include Senate and House measures (S. 226 and H.R. 1012) embodying railroad labor's liberalization plan which nearly got through last year. These two bills were introduced by Senator Morse of Oregon and Representative Harris of Arkansas.

C&NW Would Drop Twin Cities Overnighter

One of three railroads providing overnight passenger service between Chicago and the Twin Cities wants out. Chicago & North Western is seeking to discontinue its "North Western Limited" effective Feb. 15.

Losses on the trains have been running high, C&NW says. Annual deficits now amount to about $1,130,000 a year. Expenses of operating the train are almost twice the revenue.

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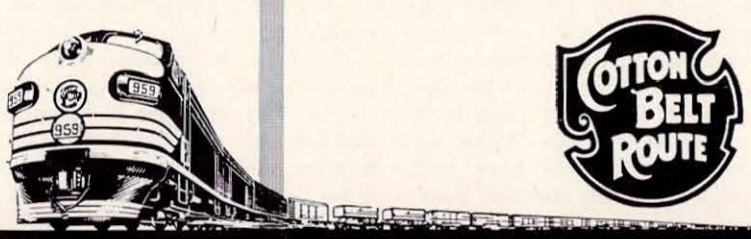

COTTON BELT ROUTE

FREIGHT SPECIALISTS SINCE 1877

East, West Split on Subsidy

► **The Story at a Glance: Eastern and western roads are split, sharply and openly, over the issue of government subsidy for railroad commuter service. The differences are basic:**

- **Western railroads feel subsidy would be the opening wedge for new government invasion of private industry. They don't want subsidy. They don't see need for it. Their commuter problems, they believe, can be treated with far less drastic remedies.**
- **Some eastern railroads feel a desperate need for government aid to keep commuter trains running. Three roads have already made subsidy agreements with local governments. Several want federal aid.**

"Western railroads believe that under proper conditions suburban commuter service can be provided on a self-supporting basis," declared Association of Western Railways President Clair M. Roddewig.

"Commuter service can't be carried on without a huge deficit," remarked New Haven President George Alpert a few moments later.

Those comments set the tone for the discussion that followed, as top officers of 16 railroads and mayors of 11 major cities sat down in Chicago to seek answers to a common problem: how to move thousands of people into a city in the morning and out again in the evening—without going broke.

They found no conclusive answers. But they did make a start by appointing a joint committee, composed of chief executives of Illinois Central, Chicago & North Western, Pennsylvania, New York Central and New Haven; and mayors of Chicago, St. Louis, New York, Philadelphia, Boston, Cleveland and Milwaukee.

Western railroad men came warily, stated their position early and stood behind it solidly throughout two hours of debate. They posed alternatives to subsidy — specifically, the two-part program recently presented to the Illinois Mass Transportation Commission. Western (Chicago) carriers proposed fairer taxation on commuter facilities and more freedom in scheduling and pricing the service.

Eastern carriers, hard-pressed by tax assessors and regulatory commissions, saw little hope in the western approach. Erie President Harry Von Willer declared that "the railroads have paid more attention to the political situation in New Jersey in the past five years than to any other managerial function . . . [but] the state administration is not at all interested in our problem. I don't know what other action a New Jersey railroad can take than to abandon commuter service." The Jersey tax situation, he charged, "is absurd."

New York Central President Alfred E. Perlman agreed. He cited a regulatory commission statement to the effect that railroads can't expect to make a profit in passenger service. And he reacted: "Who in his right mind can say that he doesn't need a subsidy, when you have a commission that will say things like that?"

Rock Island President Downing B. Jenks and Reading Vice President and General Counsel H. M. Mulloy attempted to separate the problem into eastern and western varieties. They pointed out that the problems of each area are different and, consequently, require different solutions.

Western lines, Mr. Jenks said, "are doing something about the problem. We think we can solve our own problems with just a little help from the legislature . . . Around here, we don't think all is lost."

Mr. Mulloy agreed that the eastern problem has different aspects. He suggested creation of municipal authorities to take over transportation of passengers.

C&NW Chairman Ben W. Heineman, however, cautioned against grasping at suggestions "on the theory that the political situation is frozen." It may be, he conceded, that political officers in Illinois "are more forward-looking . . . We may have profited from the errors and abuses in the East." But he suggested a re-examination of the political climate to determine if changes are practical "to get the kind of cooperation western roads have gotten from the city and the state."

The over-riding theme of the conference was pro-subsidy vs. anti-subsidy. Only one eastern president went on record against federal aid—Lackawanna's Perry M. Shoemaker, who identified himself as "probably the only president here who has promised to use all his ingenuity" in seeking to abandon commuter service.

AWR's Roddewig put the western case this way:

"The western railroads' experience with public officials has been a prime factor in convincing them that they can provide good suburban commuter service on a self-supporting basis under private management. There has been nothing in their relations with public officials that would warrant their taking an attitude of despair in the solution of any commuter problems they have . . .

"The western railroads do not believe that there is presently any need for suburban commuter service in the West to be taken over by any municipality or public agency or authority.

"The western railroads also believe that there is no need for federal grants of money to be given directly or indirectly to help finance the suburban commuter service in the western metropolitan areas."

New Haven's Alpert saw it differently. Abandonment, he said, offers no real solution. Neither does a further increase in fares. "In my opinion, there are only two possible solutions. One is tax relief . . . the other is subsidy."

Subsidy, he declared, has a "long and honorable history. Why is it immoral, when applied to the railroads? I'm not afraid [it will lead to] socialization. The airlines, the barge lines, the merchant marine haven't been socialized. There's no reason why the railroads should be."

Jenks Hits Subsidy, Make-Work

Free enterprise "in the old conservative concept" had a powerful spokesman at the Transportation Association of America's recent institute in Chicago.

Downing B. Jenks, Rock Island president, lashed "the apparent apathy on the part of some business leaders and the general public toward free enterprise as we have known it . . . In some quarters the tendency seems to be to expect the government to come through with tax money in greater and greater degree, to bolster virtually all segments of transportation to the extent that nobody, except the taxpayer, will lose anything."

Mr. Jenks blamed railroad regulation and taxation for bringing about "a situation that I think most of the whole industry deplores — certain carriers holding out their hands for subsidies. They don't always call it by that fearful name. They prefer to call it government aid, such as the New Haven is now receiving on certain commuter service in the Boston area. By whatever name these roads choose to call it, like the rose it smells the same . . .

"Subsidy is the mainline highball to

nationalization. Subsidy . . . is like cancer. Once it starts it keeps spreading. First subsidize your commuter business and the next in line will be your mainline passenger service. After that you subsidize the operation of a branch line that ought to be abandoned, or you go to the government trough for help in keeping open wayside stations that serve no useful purpose and ought to be closed.

"What do you wind up with? First, you're perpetuating the inefficiencies that we're trying so desperately now to get rid of. Then you wind up with a socialistic program by which the transportation agencies are doing business for the government, on a kind of cost-plus basis. It comes down to a program by which the more they spend the more inefficient they become . . . This can easily lead into a situation where you have one railroad enjoying government support through subsidy, competing with another, non-subsidized railroad. This can only continue a short time before they all are subsidized.

"What do we need to do about the situation? Well, we don't have to get out the crying towel and shed more tears. Too much of this has already been done. What the railroad industry needs to do is a more clearly defined and a more incisively effective job of public and political relations."

Wherever government steps in, Mr. Jenks warned, "all semblance of operating efficiency goes out the window. Free enterprise becomes free loading, and you can't subsidize any form of business, whether it be transportation, power or widget production, without placing an inescapable burden on the taxpayer."

Rock Island's president also aimed some barbs at the current railway labor situation.

"Grave thought must at once be given to the matter of wage structure and labor costs," he declared. "The whole picture of the large number of people employed by railroads that perform no useful service must undergo close scrutiny. We have to be honest and face it—featherbedding imposes a terrific financial burden and is a definite deterrent to realizing the benefits and the efficiencies our heavy capital expenditures would otherwise have made possible . . . The various rule changes and other practices that have been saddled on management have greatly reduced the useful work produced per man-hour. We have compensated for it, partially, by the increased efficiency our heavy capital expenditures have made possible, but we haven't been able to do enough.

"An important factor in the solution of the whole rail problem is that labor, along with management, must make a realistic appraisal of the situation and exert every effort to keep these railroads free and competitive. May we forever be saved from government subsidy."

Mr. Jenks wasn't the only TAA speaker to touch on railroads, their problems and their competitive efforts. Some other comments:

- J. W. Hershey, president of the American Commercial Barge Line Company, called for the application of anti-trust standards to control what he termed discriminatory pricing in transportation. He charged that geographic price discrimination has been created by a "systematic program of selective (railroad) rate-cutting . . . to capture the tonnage of the barge lines along a broad front."
- Guy W. Rutland, Jr., board chairman of American Trucking Associations, Inc., said indications point to "true coordination of our basic types of transport (as) the route we all must travel." But, he said, truckers will continue to oppose the entry of one form of transport into a competitive form.
- W. A. Patterson, president of United Airlines, echoed a proposal heard at intervals last year—that all forms of transport be regulated by one authority and that a Cabinet-rank Secretary of Transportation be appointed.
- J. L. Burke, president of Service Pipe Line Company, hailed the pending Senate Resolution 303 transport study as offering an "avenue for a statesmanlike give-and-take solution to many problems . . ."

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THE NEW HAVEN RAILROAD

You Ought To Know...

"Organized cooperation" could bring about a "revolution in management and labor relations," C&O Vice President John E. Kusik told the 18th annual Northern Ohio Personnel and Executive Conference in Cleveland. He said "a case study of spectacular achievements possible through cooperation of management and labor is offered by the record of the coal industry and John L. Lewis in the last eight years or so."

A bomb hoax, long an airline bugaboo, last week caused the Burlington to hurry passengers off a train for the second time. Some 100 commuters were asked to leave their train at Berwyn, a Chicago suburb. They were taken on into town on a through train. Two days before, 500 passengers had been hustled off a train in Downers Grove.

A skyscraper apartment building and a 550-room hotel will be constructed on air rights over the property of two Chicago railroads. Chicago & North Western sold air rights and certain ground rights to a site along the Chicago River for the apartment project. Illinois Central sold air rights totaling about five acres near the city's new lake-front exposition center for construction of the hotel.

Chicago & North Western and the Railway Labor Executives' Association have traded blasts on the issue of human failure as a factor in C&NW passenger service difficulties. C&NW cited that factor as one element in its recent commuter troubles (RA, Dec. 22, p. 53). RLEA termed the railroad's statement "an attempt to shift the blame from management, where it clearly belongs . . ." North Western denied the "buck-passing" accusation, then cited seven specific cases of man-failure causing train delays.

Lease or purchase of its passenger stations at Cleveland, Buffalo, Syracuse and Rochester is contemplated by the New York Central under a six-month option agreement signed last week with Station Development Enterprises, Inc., of New York City. The road announced earlier that "almost 100" passenger stations have been sold in the past two years (RA, Jan. 19, p. 146).

"Operation Northwest" in Philadelphia has taken approximately 235 autos off downtown streets and parking lots, the city's Urban Traffic & Transportation Board estimates. Under "Operation Northwest," the Pennsylvania and Reading are providing extra trains, lower fares in the Chestnut Hill section with limited city aid (RA, Nov. 3, p. 9). The board says a 235-car garage downtown would cost $1,000,000. Cost of the rail-aid plan to the city is $160,000.

N&W-Virginian merger talks are progressing "very satisfactorily," N&W President Stuart T. Saunders told the Portsmouth, Va., Better Service Club. Merger "would permit us to step up our industrial development program and attract new industries to plant sites along each railroad," he said. Mr. Saunders predicted a better year ahead for the N&W, announced the recall of 1,460 furloughed workers.

Interest in merger has spread to Soo Line, Wisconsin Central and Duluth, South Shore & Atlantic. A joint study of the "economies, efficiencies and advantages that may be secured by a merger or consolidation" will begin immediately. Wisconsin Central has been operated as part of the Soo system for many years. DSS&A is operated independently, but certain activities (accounting, purchasing, engineering) have been coordinated with Soo practices.

Merger studies involving five New England railroads have not been abandoned, says Maine Central President E. Spencer Miller. He described as "entirely erroneous" statements attributed to him saying that the merger studies have been called off.

Lehigh Valley President C. A. Major says the LV "will be glad" to continue to operate passenger trains to any cities it now serves "if the governmental bodies concerned will guarantee the costs." Otherwise, he fears continued operation "inevitably would result in bankruptcy." Mr. Major's statement was in reply to a letter which a Pennsylvania state senator wrote to the ICC protesting the road's decision to end passenger service.

First to receive the annual safety award of the Brotherhood of Locomotive Firemen and Enginemen is John T. Matthews, of Schiller Park, Ill., an employee of the Indiana Harbor Belt. Mr. Matthews became "Locomotive Fireman of 1958" for saving the lives of 10 nursery school children and their bus driver when an IHB locomotive hit their bus in Dixmore, Ill., last month. For this, he received $500 and was presented with the D. B. Robertson Safety Award Trophy.

Railroad employment fell slightly in December, according to the ICC's Bureau of Transport Economics and Statistics. But the decline from November was only 0.86 per cent. There was however, a 1.85 per cent rise in transportation workers (other than train, engine and yard) and of 0.25 per cent in executive employees. Biggest dip was 5.5 per cent in maintenance of way employees.

"The long range outlook for prosperous railroads is excellent," Robert G. Lewis, publisher of Railway Age, told the Training Seminar for Traction Motor Bearing Specialists, at Norma-Hoffman Bearings Corp., in Stamford, Conn., last week. Mr. Lewis based his optimism on the fact that railroad rates will soon reflect more realistically the advantages of the railroads as mass transportation carriers. Incentive rates, contract rates, multiple car and train load rates, giant tank cars, etc., are steps already being taken in this direction. Carl R. Pace, Outlook editor, Business Week, and Carl L. Hall, director of diesel methods and procurement, New York Central, also addressed the bearings specialists.

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Government Aid—Con and Pro

"The Case for Government Aid"—to forestall the risk of government seizure of commuter service threatened with suspension—was the subject of a special report in our January 5 issue.

"The Case Against Government Aid" will be fully presented in another special report, in our February 2 issue.

Examination of all the evidence on both sides of this dangerous and pressing issue should get top priority. Railroad opinion on how to deal with the question seems to run the whole gamut from those who are not even seeking a reduction in local taxes—to those who would gladly accept a generous donation from the federal government.

The principal reason (we suspect) why honest and able railroaders seem to be so far apart on this question is that the passenger situations of individual companies differ so widely. People tend to judge the "other fellow," not by conditions he faces, but by their own.

Two-Headed Dragon

There are two entirely different aspects to the "passenger deficit" problem—hence two approaches to readapting the railroads to changed conditions. Both approaches are necessary:

1—Experimenting with rate and service improvement to find the places where good service can attract growing business; not being hesitant to reduce rates, if necessary to reverse the traffic trend away from the rails.

2—Cooperation through some public source (by tax reduction or otherwise) to make self-sustaining those services (including commutation) that do not earn their keep and cannot be withdrawn.

It so happens that most roads which are doing relatively well financially have also been doing an outstanding job with Approach No. 1—upholding and improving their service standards and experimenting with more attractive rates. There's hardly a road in the West and South which is not going ahead in this direction. Some of the Eastern roads also are pushing forward in this area. More power to them. There'll be no solution to the passenger problem without a positive attack like this.

It's Approach No. 2 where the grief arises. A few railroads are being bled white by their commuter service. They've just got to sell it out to local "authorities," or get substantial tax reductions, or some source of revenue not presently available.

This paper has no doctrinaire position as to just how these railroads (fortunately few in number) are going to get out of this dilemma. But it must be obvious to everybody that public authorities will not remain idle before the threat of cessation of service considered essential.

Disliking socialism as much as we do, we're alarmed at what may happen if essential commuter service is suspended because railroads operating it run out of money.

Whose Railroads?

Railroads are vastly bigger than any of us—stockholders, shippers, passengers, railroaders, suppliers. . . .

Railroad transportation is, first of all, a valuable and essential part of the national heritage. The present generation didn't create it. It was bequeathed to us. And the American people, largely by government action, are letting this inheritance get frittered away—not everywhere, thank goodness. There are plenty of places where there is vitality and growth. But there are other areas where traditional methods obviously are not working.

The "passenger problem" must be solved before it undermines private railroad ownership. Approach No. 1—experiment with business building—is going forward fine. It's Approach No. 2—finding ways to get out of situations of hopeless loss—where the danger lies. Next year may be too late.

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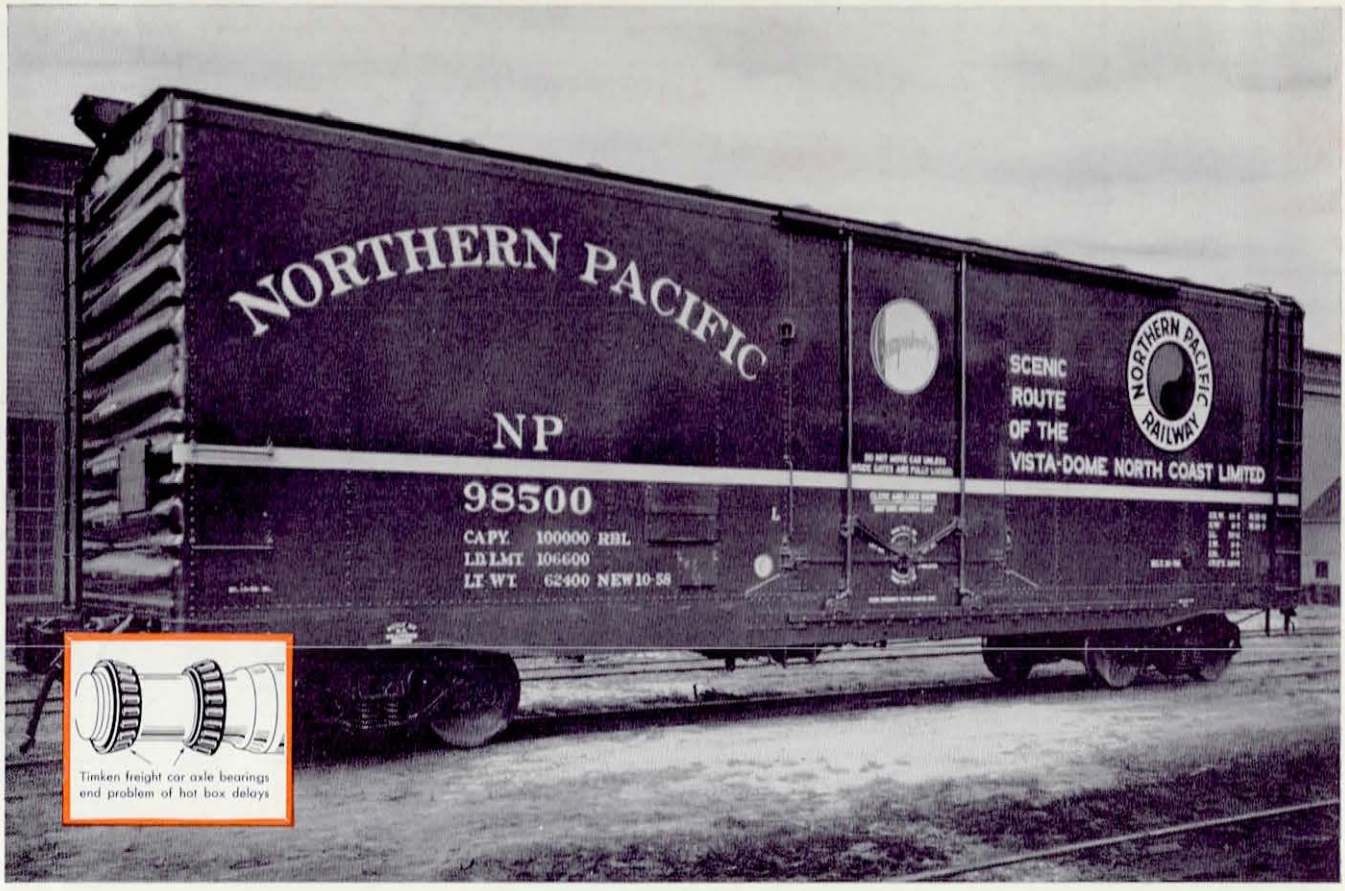

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